

VILLAGE OF DUNDEE
Monroe County, Michigan

ANNUAL FINANCIAL REPORT

February 29, 2004

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

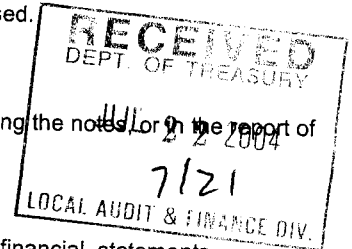
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input checked="" type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name VILLAGE OF DUNDEE	County MONROE
Audit Date 2/29/04	Opinion Date 5/5/04	Date Accountant Report Submitted to State: 7/13/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes or in the report of comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).	X		

Certified Public Accountant (Firm Name) COOLEY HEHL WOHLGAMUTH & CARLTON PLLC			
Street Address ONE SOUTH MONROE STREET	City MONROE	State MI	ZIP 48161
Accountant Signature <i>James R Cooley</i>		Date 7/20/04	

VILLAGE OF DUNDEE

ANNUAL FINANCIAL REPORT

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Independent Auditor's Report

President and Village Council
Village of Dundee
Dundee, Michigan 48131

We have audited the accompanying general purpose financial statements of the Village of Dundee, Monroe County, Michigan, as of and for the year ended February 29, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Dundee as of February 29, 2004, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2004, on our consideration of the Village of Dundee's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the Table of Contents and the Schedule of Expenditures of Federal Awards as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Dundee. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Cooley Hehl
Wohlgamuth & Carlton

May 5, 2004



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Independent Auditor's Report on Compliance and on
Internal Control Over Financial Reporting Based on an
Audit of Financial Statements Performed in Accordance
with *Government Auditing Standards*

President and Village Council
Village of Dundee
Dundee, Michigan 48131

We have audited the general purpose financial statements of the Village of Dundee as of and for the year ended February 29, 2004, and have issued our report thereon dated May 5, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Dundee's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Dundee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Village of Dundee

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However, we have noted other matters involving the internal control over financial reporting that we have reported to the Management of the Village of Dundee, in a separate letter dated May 5, 2004.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cooley Hohl
Wohlgenuth & Carlin

May 5, 2004



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Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control
Over Compliance in Accordance with OMB Circular A-133

President and Village Council
Village of Dundee
Dundee, Michigan 48131

Compliance

We have audited the compliance of the Village of Dundee with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended February 29, 2004. The Village of Dundee's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Village of Dundee's management. Our responsibility is to express an opinion on the Village of Dundee's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Village of Dundee's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village of Dundee's compliance with those requirements.

In our opinion, the Village of Dundee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended February 29, 2004.

Village of Dundee

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Internal Control Over Compliance

The management of the Village of Dundee is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Village of Dundee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operations that we consider to be material weaknesses.

This report is intended solely for the information of management, the Village Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cosley Hehl
Wohlgenuth & Carlton

May 5, 2004

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
AND DISCRETELY PRESENTED COMPONENT UNITS**

February 29, 2004

	Governmental Fund Types		
	General	Special Revenue	Capital Improvements
Assets			
Cash and money management account	\$1,392,449	\$713,036	\$608,195
Receivables:			
Delinquent taxes	97,666	37,886	0
Accounts	900	3,214	0
Special assessments	0	0	0
Due from other funds	123,890	22,180	0
Due from other governments	51,105	0	146,724
Prepaid expenses	3,659	0	0
Restricted Assets:			
Cash and money management accounts	0	0	0
Cash with fiscal agent	0	0	0
Bond issuance costs	0	0	0
Land and buildings	0	0	0
Machinery and equipment	0	0	0
Construction in progress	0	0	0
Accumulated depreciation	0	0	0
Amount available in Debt Service Fund	0	0	0
Amount to be provided for general long-term debt	0	0	0
Total Assets	\$1,669,669	\$776,316	\$754,919
Liabilities			
Accounts payable	\$53,449	\$11,018	\$148,119
Accrued wages	3,681	1,877	0
Due to other funds	34	24,804	0
Other liabilities	1,000	1,457	0
Accrued compensated absences	0	0	0
Deferred revenue	13,419	0	40,485
Contracts payable	0	0	0
Debt with government commitment	0	0	0
Total Liabilities	71,583	39,156	188,604
Fund Equity			
Contributed capital	0	0	0
Investment in general fixed assets	0	0	0
Retained earnings:			
Restricted for replacement fund	0	0	0
Restricted for debt retirement	0	0	0
Unrestricted	0	0	0
Fund balance:			
Reserved for construction	0	0	338,772
Reserved for prepaid items	3,659	0	0
Reserved for debt service	0	0	0
Unreserved	1,594,427	737,160	227,543
Total Fund Equity	1,598,086	737,160	566,315
Total Liabilities and Fund Equity	\$1,669,669	\$776,316	\$754,919

(See accompanying notes to financial statements)

Debt Service	Proprietary Fund Types		Fiduciary Fund Types	Account Groups	
	Internal Service	Enterprise		General Fixed Assets	General Long-term Debt
\$200,945	\$52,124	\$650,160	\$15,125	\$0	\$0
36,396	0	20,856	0	0	0
0	0	286,319	0	0	0
947,711	0	0	0	0	0
1,075	0	2,849	0	0	0
0	0	0	0	0	0
0	0	9,270	0	0	0
0	0	719,387	0	0	0
0	0	92,093	0	0	0
0	0	56,573	0	0	0
0	0	9,100,604	0	3,034,727	0
0	0	10,882,716	0	677,091	0
0	0	603,762	0	0	0
0	0	(4,877,438)	0	0	0
0	0	0	0	0	368,774
0	0	0	0	0	1,465,673
<u>\$1,186,127</u>	<u>\$52,124</u>	<u>\$17,547,151</u>	<u>\$15,125</u>	<u>\$3,711,818</u>	<u>\$1,834,447</u>
\$5,000	\$0	\$400,700	\$0	\$0	\$0
0	0	6,513	0	0	0
0	0	230,519	10,385	0	0
0	0	24,654	4,740	0	0
0	0	25,021	0	0	36,334
812,353	0	0	0	0	0
0	0	7,088,211	0	0	239,113
0	0	0	0	0	1,559,000
<u>817,353</u>	<u>0</u>	<u>7,775,618</u>	<u>15,125</u>	<u>0</u>	<u>1,834,447</u>
0	0	7,309,266	0	0	0
0	0	0	0	3,711,818	0
0	0	1,000	0	0	0
0	0	477,053	0	0	0
0	52,124	1,984,214	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
368,774	0	0	0	0	0
0	0	0	0	0	0
<u>368,774</u>	<u>52,124</u>	<u>9,771,533</u>	<u>0</u>	<u>3,711,818</u>	<u>0</u>
<u>\$1,186,127</u>	<u>\$52,124</u>	<u>\$17,547,151</u>	<u>\$15,125</u>	<u>\$3,711,818</u>	<u>\$1,834,447</u>

Totals (Memorandum Only)	Component Units	Totals (Memorandum Only)
Primary Government		Reporting Entity
\$3,632,034	\$1,304,144	\$4,936,178
192,804	0	192,804
290,433	0	290,433
947,711	0	947,711
149,994	115,748	265,742
197,829	584,126	781,955
12,929	0	12,929
719,387	0	719,387
92,093	0	92,093
56,573	0	56,573
12,135,331	0	12,135,331
11,559,807	0	11,559,807
603,762	0	603,762
(4,877,438)	0	(4,877,438)
368,774	458,471	827,245
1,465,673	15,441,594	16,907,267
<u>\$27,547,696</u>	<u>\$17,904,083</u>	<u>\$45,451,779</u>
\$618,286	\$49,880	\$668,166
12,071	0	12,071
265,742	0	265,742
31,851	117,404	149,255
61,355	0	61,355
866,257	0	866,257
7,327,324	0	7,327,324
1,559,000	15,900,065	17,459,065
<u>10,741,886</u>	<u>16,067,349</u>	<u>26,809,235</u>
7,309,266	0	7,309,266
3,711,818	0	3,711,818
1,000	0	1,000
477,053	0	477,053
2,036,338	0	2,036,338
338,772	0	338,772
3,659	0	3,659
368,774	458,471	827,245
2,559,130	1,378,263	3,937,393
<u>16,805,810</u>	<u>1,836,734</u>	<u>18,642,544</u>
<u>\$27,547,696</u>	<u>\$17,904,083</u>	<u>\$45,451,779</u>

VILLAGE OF DUNDEE

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended February 29, 2004

	Governmental Fund Types			
	General	Special Revenue	Capital Improvements	Debt Service
Revenues:				
Taxes	\$943,966	\$362,850	\$0	\$0
Special assessments	0	0	0	137,130
Licenses and permits	36,226	278,314	0	0
Federal grants	0	0	4,180,234	0
State grants	316,403	212,774	0	0
Fines and forfeits	13,638	0	0	0
Interest and rentals	84,515	9,396	4,176	65,278
Program income	0	6,111	0	0
Other revenues	10,529	6,697	94	0
Total Revenues	1,405,277	876,142	4,184,504	202,408
Expenditures:				
Legislative	18,453	0	0	0
General government	228,051	0	0	0
Public safety	298,571	0	0	0
Public works	160,901	374,884	0	0
Culture and recreation	94,609	43,386	0	0
Capital outlay	0	0	4,440,309	0
Insurance	17,706	0	0	0
Debt service	0	0	0	367,280
Total Expenditures	818,291	418,270	4,440,309	367,280
Excess (Deficiency) of Revenues over Expenditures	586,986	457,872	(255,805)	(164,872)
Other Financing Sources (Uses):				
Loan Proceeds	0	0	175,000	0
Operating transfers in	68,188	207,978	52,028	143,958
Prior year refunds	0	0	0	0
Operating transfers out	(374,959)	(325,664)	(5,000)	(10,000)
Total Other Financing Sources (Uses)	(306,771)	(117,686)	222,028	133,958
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	280,215	340,186	(33,777)	(30,914)
Fund Balances - Beginning of Year	1,317,871	396,974	600,092	399,688
Fund Balances - End of Year	<u>\$1,598,086</u>	<u>\$737,160</u>	<u>\$566,315</u>	<u>\$368,774</u>

(See accompanying notes to financial statements)

Totals (Memorandum Only)		Totals (Memorandum Only)
Primary Government	Component Units	Reporting Entity
\$1,306,816	\$862,684	\$2,169,500
137,130	0	137,130
314,540	0	314,540
4,180,234	0	4,180,234
529,177	1,534,820	2,063,997
13,638	0	13,638
163,365	11,613	174,978
6,111	0	6,111
17,320	0	17,320
6,668,331	2,409,117	9,077,448
18,453	0	18,453
228,051	0	228,051
298,571	0	298,571
535,785	3,364,418	3,900,203
137,995	0	137,995
4,440,309	0	4,440,309
17,706	0	17,706
367,280	640,248	1,007,528
6,044,150	4,004,666	10,048,816
624,181	(1,595,549)	(971,368)
175,000	2,000,000	2,175,000
472,152	536,974	1,009,126
0	(305,692)	(305,692)
(715,623)	(727,071)	(1,442,694)
(68,471)	1,504,211	1,435,740
555,710	(91,338)	464,372
2,714,625	1,928,072	4,642,697
<u>\$3,270,335</u>	<u>\$1,836,734</u>	<u>\$5,107,069</u>

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
For the Fiscal Year Ended February 29, 2004

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$1,005,700	\$943,966	(\$61,734)
Special assessment	0	0	0
Licenses and permits	24,050	36,226	12,176
Federal grants	0	0	0
State grants	252,900	316,403	63,503
Fines and forfeits	11,000	13,638	2,638
Interest and rentals	73,000	84,515	11,515
Program income	0	0	0
Other revenue	10,900	10,529	(371)
Total Revenues	1,377,550	1,405,277	27,727
Expenditures:			
Legislative	20,048	18,453	1,595
General government	244,129	228,051	16,078
Public safety	289,065	298,571	(9,506)
Public works	248,880	160,901	87,979
Culture and recreation	85,490	94,609	(9,119)
Insurance (bonds & liability)	32,200	17,706	14,494
Debt service	0	0	0
Capital outlay	0	0	0
Total Expenditures	919,812	818,291	101,521
Excess (Deficiency) of Revenues over Expenditures	457,738	586,986	129,248
Other Financing Sources (Uses):			
Loan Proceeds	0	0	0
Operating transfers in	5,000	68,188	63,188
Operating transfers out	(462,738)	(374,959)	87,779
Total Other Financing Sources (Uses)	(457,738)	(306,771)	150,967
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	280,215	280,215
Fund Balances - Beginning of Year	0	1,317,871	1,317,871
Fund Balances - End of Year	\$0	\$1,598,086	\$1,598,086

(See accompanying notes to financial statements)

Special Revenue Funds			Capital Improvements Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$383,310	\$362,850	(\$20,460)	\$0	\$0	\$0
0	0	0	0	0	0
78,408	278,314	199,906	0	0	0
0	0	0	5,300,350	4,180,234	(1,120,116)
190,000	212,774	22,774	50,000	0	(50,000)
0	0	0	0	0	0
10,260	9,396	(864)	4,200	4,176	(24)
6,000	6,111	111	0	0	0
5,640	6,697	1,057	0	94	94
673,618	876,142	202,524	5,354,550	4,184,504	(1,170,046)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
432,932	374,884	58,048	0	0	0
56,575	43,386	13,189	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	5,483,550	4,440,309	1,043,241
489,507	418,270	71,237	5,483,550	4,440,309	1,043,241
184,111	457,872	273,761	(129,000)	(255,805)	(126,805)
0	0	0	0	175,000	175,000
228,013	207,978	(20,035)	42,020	52,028	10,008
(412,124)	(325,664)	86,460	(5,000)	(5,000)	0
(184,111)	(117,686)	66,425	37,020	222,028	185,008
0	340,186	340,186	(91,980)	(33,777)	58,203
0	396,974	396,974	92,030	600,092	508,062
\$0	\$737,160	\$737,160	\$50	\$566,315	\$566,265

Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0
139,130	137,130	(2,000)
0	0	0
0	0	0
0	0	0
0	0	0
65,248	65,278	30
0	0	0
0	0	0
204,378	202,408	(1,970)
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
0	0	0
379,241	367,280	11,961
0	0	0
379,241	367,280	11,961
(174,863)	(164,872)	9,991
0	0	0
143,063	143,958	895
(12,000)	(10,000)	2,000
131,063	133,958	2,895
(43,800)	(30,914)	12,886
45,880	399,688	353,808
\$2,080	\$368,774	\$366,694

VILLAGE OF DUNDEE

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COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
For the Fiscal Year Ended February 29, 2004

	Proprietary Fund Types		Totals (Memorandum Only)
	Internal Service	Enterprise	
Operating Revenues:			
Charges for services	\$0	\$1,303,423	\$1,303,423
Hydrant rental	0	3,620	3,620
Penalties	0	14,284	14,284
Other revenue	0	154	154
Total Operating Revenue	0	1,321,481	1,321,481
Operating Expenses:			
Operating and maintenance wages	0	270,664	270,664
Clerical salaries	0	54,210	54,210
Employee benefits	0	99,000	99,000
Training	0	1,541	1,541
Utilities	0	87,165	87,165
Maintenance	0	464,783	464,783
Chemicals	0	15,618	15,618
Laboratory supplies	0	15,649	15,649
Insurance	0	30,218	30,218
Office supplies	0	5,137	5,137
Professional services	0	5,000	5,000
Depreciation and amortization	0	548,042	548,042
Miscellaneous expense	0	11,619	11,619
Engineering fees	0	29,141	29,141
Vacation and sick pay	0	4,012	4,012
Sanitation	0	77,184	77,184
Total Operating Expenses	0	1,718,983	1,718,983
Operating Income (Loss)	0	(397,502)	(397,502)
Non-Operating Revenues (Expenses)			
Tap fees	0	294,415	294,415
Current taxes	0	206,293	206,293
Interest income	398	5,458	5,856
Interest and fiscal charges	0	(346,507)	(346,507)
Transfer to other funds	0	(230)	(230)
Transfer from other funds	0	433,798	433,798
Total Non-Operating Revenues (Expenses)	398	593,227	593,625
Net Income (Loss)	398	195,725	196,123
Retained Earnings - Beginning of Year	51,726	2,266,542	2,318,268
Retained Earnings - End of Year	\$52,124	\$2,462,267	\$2,514,391

(See accompanying notes to financial statements)

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
 For the Fiscal Year Ended February 29, 2004

	Proprietary Fund Types		Totals (Memorandum Only)
	Internal Service	Enterprise	
Cash Flows from Operating Activities:			
Operating income (loss)	\$0	(\$397,502)	(\$397,502)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	0	548,042	548,042
(Increase) Decrease in Assets:			
Accounts receivable	0	(38,461)	(38,461)
Due from other funds	0	(121)	(121)
Prepaid expenses	0	(3,739)	(3,739)
(Increase) Decrease in Liabilities:			
Accounts payable	0	47,490	47,490
Accrued payroll	0	104	104
Due to other funds	0	139,135	139,135
Other liabilities	0	14,402	14,402
Total Adjustments	0	706,852	706,852
Net Cash Provided by Operating Activities	0	309,350	309,350
Cash Flows from Non-Capital Financing Activities:	0	0	0
Cash Flows from Capital and Related Financing Activities:			
Tap fees	0	294,415	294,415
Current taxes levied for debt	0	206,293	206,293
Acquisition and construction of capital assets - net of disposals	0	(1,543,290)	(1,543,290)
Proceeds from the sale of bonds	0	1,087,341	1,087,341
Principal paid on refunding bonds	0	(190,000)	(190,000)
Principal paid on contract payable	0	(1,190,000)	(1,190,000)
Bond issuance costs	0	(64,655)	(64,655)
Principal paid on state revolving fund-sewer	0	(80,000)	(80,000)
Interest paid on refunding bonds and contract payable	0	(346,507)	(346,507)
Transfer to other funds	0	(230)	(230)
Transfer from other funds	0	433,798	433,798
Contributions	0	1,165,161	1,165,161
Net Cash used for Capital and Related Financing Activities	0	(227,674)	(227,674)
Cash Flows from Investing Activities:			
Interest income	398	5,459	5,857
Net Increase (Decrease) in Cash and Cash Equivalents	398	87,135	87,533
Cash and Cash Equivalents - Beginning of Year	51,726	1,374,505	1,426,231
Cash and Cash Equivalents - End of Year	\$52,124	\$1,461,640	\$1,513,764

(See accompanying notes to financial statements)

VILLAGE OF DUNDEE

COMPONENT UNITS
COMBINED BALANCE SHEET
 February 29, 2004

	Downtown Development Authority	LDFA Water Plant	LDFA Ann Arbor Road	LDFA Global Engine Alliance
Assets				
Cash and money management accounts	\$261,535	\$465,450	\$0	\$199,866
Due from other funds	0	0	0	115,701
Due from other governmental units	215,048	180,123	0	0
Amount available in Debt Service Fund	857	0	0	115,701
Amount to be provided for long-term debt	1,564,143	0	0	1,884,299
Total Assets	<u>\$2,041,583</u>	<u>\$645,573</u>	<u>\$0</u>	<u>\$2,315,567</u>
Liabilities				
Accounts payable	\$18,025	\$0	\$0	\$31,855
Debt with government commitment	1,565,000	0	0	2,000,000
Retainage payable	0	0	0	117,404
Total Liabilities	1,583,025	0	0	2,149,259
Fund Equity				
Reserved for debt service	857	0	0	115,701
Fund balance - unreserved	457,701	645,573	0	50,607
Total Fund Equity	458,558	645,573	0	166,308
Total Liabilities and Fund Equity	<u>\$2,041,583</u>	<u>\$645,573</u>	<u>\$0</u>	<u>\$2,315,567</u>

(See accompanying notes to financial statements)

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$351,229	\$26,064	\$1,304,144
47	0	115,748
123,293	65,662	584,126
341,913	0	458,471
11,993,152	0	15,441,594
<u>\$12,809,634</u>	<u>\$91,726</u>	<u>\$17,904,083</u>
\$0	\$0	\$49,880
12,335,065	0	15,900,065
0	0	117,404
12,335,065	0	16,067,349
341,913	0	458,471
132,656	91,726	1,378,263
474,569	91,726	1,836,734
<u>\$12,809,634</u>	<u>\$91,726</u>	<u>\$17,904,083</u>

VILLAGE OF DUNDEE

COMPONENT UNITS
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES

For the Fiscal Year Ended February 29, 2004

	Downtown Development Authority	LDFA Water Plant	LDFA Ann Arbor Road	LDFA Global Engine Alliance
Revenues:				
State grant	\$0	\$0	\$0	\$1,534,820
Taxes	310,800	327,729	0	0
Interest and rentals	989	2,395	1,871	3,219
Total Revenues	311,789	330,124	1,871	1,538,039
Expenditures:				
Public works	25,538	1,017	200	3,323,175
Debt service	159,496	0	0	48,556
Total Expenditures	185,034	1,017	200	3,371,731
Excess (Deficiency) of Revenues over Expenditures	126,755	329,107	1,671	(1,833,692)
Other Financing Sources (Uses):				
Loan proceeds	0	0	0	2,000,000
Operating transfers in	159,605	0	230	163,556
Prior year refunds	0	0	(305,692)	0
Operating transfers out	(159,605)	(312,445)	(91,465)	(163,556)
Total Other Financing Sources (Uses)	0	(312,445)	(396,927)	2,000,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	126,755	16,662	(395,256)	166,308
Fund Balances - Beginning of Year	331,803	628,911	395,256	0
Fund Balances - End of Year	<u>\$458,558</u>	<u>\$645,573</u>	<u>\$0</u>	<u>\$166,308</u>

(See accompanying notes to financial statements)

<u>Economic Development</u>	<u>Brownfield Redevelopment</u>	<u>Total</u>
\$0	\$0	\$1,534,820
123,293	100,862	862,684
2,993	146	11,613
<u>126,286</u>	<u>101,008</u>	<u>2,409,117</u>
14,488	0	3,364,418
337,849	94,347	640,248
<u>352,337</u>	<u>94,347</u>	<u>4,004,666</u>
(226,051)	6,661	(1,595,549)
0	0	2,000,000
213,583	0	536,974
0	0	(305,692)
0	0	(727,071)
<u>213,583</u>	<u>0</u>	<u>1,504,211</u>
(12,468)	6,661	(91,338)
<u>487,037</u>	<u>85,065</u>	<u>1,928,072</u>
<u>\$474,569</u>	<u>\$91,726</u>	<u>\$1,836,734</u>

DOWNTOWN DEVELOPMENT AUTHORITY COMPONENT UNIT
COMBINING BALANCE SHEET
 February 29, 2004

	Downtown Development Authority	1994 DDA Bonds	Account Group General Long-term Debt	Total
Assets				
Cash and money management account	\$260,678	\$857	\$0	\$261,535
Due from other governments	215,048	0	0	215,048
Amount available in Debt Service Fund	0	0	857	857
Amount to be provided for long-term debt	0	0	1,564,143	1,564,143
Total Assets	<u>\$475,726</u>	<u>\$857</u>	<u>\$1,565,000</u>	<u>\$2,041,583</u>
Liabilities				
Accounts payable	\$18,025	\$0	\$0	\$18,025
Debt with government commitment	0	0	1,565,000	1,565,000
Total Liabilities	18,025	0	1,565,000	1,583,025
Fund Equity				
Reserved for debt service	0	857	0	857
Unreserved	457,701	0	0	457,701
Total Fund Equity	457,701	857	0	458,558
Total Liabilities and Fund Equity	<u>\$475,726</u>	<u>\$857</u>	<u>\$1,565,000</u>	<u>\$2,041,583</u>

(See accompanying notes to financial statements)

DOWNTOWN DEVELOPMENT AUTHORITY COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES

For the Fiscal Year Ended February 29, 2004

	Downtown Development Authority	1994 DDA Bonds	Total
Revenues:			
Taxes	\$310,800	\$0	\$310,800
Interest and rentals	854	135	989
Total Revenues	311,654	135	311,789
Expenditures:			
Public works	25,538	0	25,538
Debt service	0	159,496	159,496
Total Expenditures	25,538	159,496	185,034
Excess (Deficiency) of Revenues over Expenditures	286,116	(159,361)	126,755
Other Financing Sources (Uses):			
Operating transfers in	0	159,605	159,605
Operating transfers out	(159,605)	0	(159,605)
Total Other Financing Sources (Uses)	(159,605)	159,605	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	126,511	244	126,755
Fund Balances - Beginning of Year	331,190	613	331,803
Fund Balances - End of Year	<u>\$457,701</u>	<u>\$857</u>	<u>\$458,558</u>

(See accompanying notes to financial statements)

LOCAL DEVELOPMENT FINANCE AUTHORITY COMPONENT UNIT
COMBINING BALANCE SHEET

For the Fiscal Year Ended February 29, 2004

	Global Engine Alliance	LDFA #3 Debt	Account Group General Long-term Debt	Total
Assets				
Cash and money management account	\$199,866	\$0	\$0	\$199,866
Due from other governments	0	0	0	0
Due from other funds	0	115,701	0	115,701
Amount available in Debt Service Fund	0	0	115,701	115,701
Amount to be provided for long-term debt	0	0	1,884,299	1,884,299
Total Assets	<u>\$199,866</u>	<u>\$115,701</u>	<u>\$2,000,000</u>	<u>\$2,315,567</u>
Liabilities				
Accounts payable	\$31,855	\$0	\$0	\$31,855
Retainage payable	117,404	0	0	117,404
Debt with government commitment	0	0	2,000,000	2,000,000
Total Liabilities	149,259	0	2,000,000	2,149,259
Fund Equity				
Reserved for debt service	0	115,701	0	115,701
Unreserved	50,607	0	0	50,607
Total Fund Equity	<u>50,607</u>	<u>115,701</u>	<u>0</u>	<u>166,308</u>
Total Liabilities and Fund Equity	<u>\$199,866</u>	<u>\$115,701</u>	<u>\$2,000,000</u>	<u>\$2,315,567</u>

(See accompanying notes to financial statements)

LOCAL DEVELOPMENT FINANCE AUTHORITY COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES

For the Fiscal Year Ended February 29, 2004

	Global Engine Alliance	LDFA #3 Debt	Total
Revenues:			
State Grant	\$1,534,820	\$0	\$1,534,820
Interest and rentals	2,518	701	3,219
Total Revenues	1,537,338	701	1,538,039
Expenditures:			
Public works	3,323,175	0	3,323,175
Debt service	0	48,556	48,556
Total Expenditures	3,323,175	48,556	3,371,731
Excess (Deficiency) of Revenues over Expenditures	(1,785,837)	(47,855)	(1,833,692)
Other Financing Sources (Uses):			
Loan proceeds	2,000,000	0	2,000,000
Operating transfers in	0	163,556	163,556
Operating transfers out	(163,556)	0	(163,556)
Total Other Financing Sources (Uses)	1,836,444	163,556	2,000,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	50,607	115,701	166,308
Fund Balances - Beginning of Year	0	0	0
Fund Balances - End of Year	<u>\$50,607</u>	<u>\$115,701</u>	<u>\$166,308</u>

(See accompanying notes to financial statements)

ECONOMIC DEVELOPMENT CORPORATION COMPONENT UNIT
COMBINING BALANCE SHEET
 For the Fiscal Year Ended February 29, 2004

	Economic Development	EDC Debt	Account Group General Long-term Debt	Total
Assets				
Cash and money management account	\$132,656	\$218,573	\$0	\$351,229
Due from other governments	0	123,293	0	123,293
Due from other funds	0	47	0	47
Amount available in Debt Service Fund	0	0	341,913	341,913
Amount to be provided for long-term debt	0	0	11,993,152	11,993,152
Total Assets	<u>\$132,656</u>	<u>\$341,913</u>	<u>\$12,335,065</u>	<u>\$12,809,634</u>
Liabilities				
Debt with government commitment	<u>\$0</u>	<u>\$0</u>	<u>\$12,335,065</u>	<u>\$12,335,065</u>
Total Liabilities	0	0	12,335,065	12,335,065
Fund Equity				
Reserved for debt service	0	341,913	0	341,913
Unreserved	<u>132,656</u>	<u>0</u>	<u>0</u>	<u>132,656</u>
Total Fund Equity	<u>132,656</u>	<u>341,913</u>	<u>0</u>	<u>474,569</u>
Total Liabilities and Fund Equity	<u>\$132,656</u>	<u>\$341,913</u>	<u>\$12,335,065</u>	<u>\$12,809,634</u>

(See accompanying notes to financial statements)

ECONOMIC DEVELOPMENT CORPORATION COMPONENT UNIT
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES

For the Fiscal Year Ended February 29, 2004

	Economic Development Corporation	2001 EDC Debt	Total
Revenues:			
Taxes	\$0	\$123,293	\$123,293
Interest and rentals	1,003	1,990	2,993
Total Revenues	1,003	125,283	126,286
Expenditures:			
Public works	14,488	0	14,488
Debt service	0	337,849	337,849
Total Expenditures	14,488	337,849	352,337
Excess (Deficiency) of Revenues over Expenditures	(13,485)	(212,566)	(226,051)
Other Financing Sources (Uses):			
Operating transfers in	0	213,583	213,583
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	0	213,583	213,583
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(13,485)	1,017	(12,468)
Fund Balances - Beginning of Year	146,141	340,896	487,037
Fund Balances - End of Year	<u>\$132,656</u>	<u>\$341,913</u>	<u>\$474,569</u>

(See accompanying notes to financial statements)

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 1 Summary of Significant Accounting Policies

A. Reporting Entity

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity", these financial statements present the Village of Dundee (the primary government) and its component units. The criteria established by the GASB for determining the reporting entity includes fiscal dependency and whether the financial statements would be misleading if data were not included.

Discretely Presented Component Units

Downtown Development Authority

The Downtown Development Authority was created for the purpose of improving the downtown area funded by TIFA tax capture collections.

Local Development Finance Authority-Water Plant

The Local Development Finance Authority-Water Plant was created to account for the tax monies captured by the increase in property values of the Village Industrial Park which will be used to repay debt and finance other projects as determined by the Local Development Finance Authority Board of Directors.

Local Development Finance Authority-Global Engine Alliance

The Local Development Finance Authority-Global Engine Alliance was created to account for the tax monies captured by the increase in property values of the Global Engine Project Area which will be used to repay the debt issued to finance this project.

Economic Development Corporation

The Economic Development Corporation was created to encourage economic development within the Village.

Brownfield Redevelopment Authority

The Brownfield Redevelopment Authority was created to assist in financing the clean-up and development of a Brownfield area by the use of TIFA tax capture collections.

B. Basis of Presentation

The accounts of the Village are organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category, in turn, is divided into separate "fund types". The financial activities of the Village of Dundee are recorded in separate funds and account groups, categorized as follows:

Governmental Funds

General Fund

The General Fund is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Concluded)

Governmental Funds (Concluded)

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes as dictated by legal, regulatory or administrative requirements.

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of principal, interest, and related costs recorded in the General Long-Term Debt Account Group.

Capital Improvements Funds

Capital Improvements Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the Village, or to other governments, on a cost reimbursement basis.

Fiduciary Funds

Agency Funds

Agency funds are used to account for assets held by the Village as an agent for individuals, private organizations, other governments, and/or other funds.

C. Fixed Assets

General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are recorded as expenditures in the governmental fund types and recorded and accounted for in the General Fixed Asset Account Group. All general fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. No depreciation has been provided on general fixed assets. General infrastructure assets have not been recorded in the financial statements.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 1 Summary of Significant Accounting Policies (Continued)

C. Fixed Assets (Concluded)

Proprietary Fixed Assets

Fixed assets used in proprietary funds are capitalized, at historical cost, on the balance sheets. Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method.

D. Long-Term Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities expected to be financed from proprietary funds are accounted for in the proprietary fund.

E. Measurement Focus and Basis of Accounting

The accounting policies of the Village of Dundee conform to generally accepted accounting principles as applicable to governmental units. Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include:

1. Accumulated unpaid vacation, sick pay and other employee amounts which are not accrued.
2. Principal and interest on general long-term debt which is recognized when due.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled Water and Sewer Fund utility service receivables are recorded at year end. The Village applies all GASB pronouncements as well as all the FASB pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Fiduciary Funds

Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. These funds are custodial in nature and recognize assets and liabilities on the modified accrual basis.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 1 Summary of Significant Accounting Policies (Concluded)

F. Budgets and Budgetary Accounting

Annual budgets are adopted by the Village of Dundee for the General, Special Revenue, Capital Improvements, and Debt Service Funds. The budget basis of accounting does not differ significantly from the modified accrual basis used to reflect the actual revenues and expenditures for these funds. The legal level of budgetary control is the department level. All unexpended appropriations lapse at fiscal year end.

The Village follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Village Manager submits to the Village Council a proposed operating budget for the fiscal year beginning March 1.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to February the budget is legally enacted through a Council resolution.
4. Any revisions of the budget must be approved by a Council resolution.
5. Budgets are adopted on a basis consistent with generally accepted accounting principles.
6. Budgeted amounts are as originally adopted, or as amended by the Village Council. Individual amendments were not material in relation to the original appropriation.

G. Cash and Cash Equivalents

For purposes of the statement of cash flows for the Proprietary Funds, cash and cash equivalents include cash and money management accounts, restricted cash and money management accounts, cash with fiscal agent, and petty cash.

There were no investing, capital, or financing activities that affected recognized assets or liabilities but did not result in cash receipts or payments in the Proprietary Funds Cash Flows Statements.

H. Total Columns on Combined Statements

Total columns on the Combined Statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 2 Deposits

Statutes authorize the Village to invest in obligations of the U.S. Treasury, agencies, and instrumentalities; commercial paper within the three highest rate classifications by at least two rating services; bankers' acceptances of U.S. banks, U.S. or agency repurchase agreements; savings accounts and certificates of deposit with banks and savings and loan associations, or credit unions which are insured with the applicable federal agency.

The Village of Dundee Council has authorized four depositories: Bank One, Monroe Bank & Trust, United Bank & Trust and Standard Federal Bank.

Deposits are carried at cost. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and Money Management Accounts", "Restricted Assets: Cash and Money Management Accounts", and "Cash with Fiscal Agent".

The following is a summary of these deposits:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Insured:		
FDIC	\$ 427,573	\$ 427,573
Uninsured:		
Uncollateralized	<u>5,320,085</u>	<u>5,332,722</u>
Total Deposits	<u>\$5,747,658</u>	<u>\$5,760,295</u>

Note 3 Property Tax

The Village, under Public Act 3 of 1895, as amended, may levy up to 12.5 mills for general purposes, 5 mills for highways and streets, and 1 mill for cemetery maintenance. Taxes are levied on July 1, each year and are collected by the Village from July 1 to August 31.

The property tax revenue is recognized in the period that the tax was levied. As of February 29, 2004, delinquent taxes are reflected as a receivable within the corresponding funds.

The taxable value for both real and personal property as of December 31, 2002 amounted to \$101,858,552 which was based on a percentage of the fair market value of the assessed property. The 2003 tax roll consisted of the following millage rates.

9.48 mills	General Fund
3.60 mills	Municipal Highway Fund
<u>1.87</u> mills	Wastewater Plant Debt Fund

14.95 mills

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 4 Tax Increment Financing

Tax increment financing is the setting aside of the taxes generated by an increase in the state equalized value of designated properties for a specific purpose.

On May 31, 1988, the Village adopted a Tax Increment Financing Authority Plan for the Dundee Downtown Development District as allowed under the Downtown Development Authority Act, Act No. 197 of the Public Acts of 1975. This plan is devoted to the planned and orderly economic revitalization of the downtown business district. For the fiscal year ended February 29, 2004, the Downtown Development Fund recorded \$310,800 as property tax revenue generated from the downtown development district.

On February 20, 1990, the Village adopted a Local Development Finance Authority Plan (water plant) to help eliminate the causes of unemployment, underemployment, joblessness, and to promote economic growth in the Village, pursuant to Act No. 281 of the Public Acts of 1986. For the fiscal year ended February 29, 2004, the Local Development Finance Fund (Water Fund) recorded \$327,729 as property tax revenue generated from the industrial park area.

On February 18, 1992, the Village adopted a Local Development Finance Authority Plan (Ann Arbor Road) to repay the financing of the public facilities constructed on Ann Arbor Road. The Village received final approval from the State to close the Plan. The Authority refunded \$397,157.

On May 29, 2003, the Village adopted a Local Development Finance Authority Plan (Global Engine Project) to repay the financing of improvements to utilities and roadways on Ty Circle Drive, Ann Arbor Road, and Dundee Azalia Road. These improvements were required to allow the construction of a \$240,000,000 facility by Global Engine Alliance, LLC. There was no property tax revenue recorded by the Authority for the year ended February 29, 2004.

The Village has adopted Brownfield Redevelopment Authority (Tecumseh Road) to assist in financing the clean-up and development of a Brownfield area. For the year ended February 29, 2004, the Authority recorded \$100,862 in property tax revenue.

Note 5 Due from Other Governments

Due from other governments in the Downtown Development and Local Development Finance Component Units and the Brownfield Redevelopment Component Units is a receivable for captured taxes from Monroe County and Dundee Township of \$395,171. Due from other governments in the Economic Development Corporation Debt Service Fund is a receivable for Incremental Revenue from the County and College of \$188,955.

Note 6 Fixed Assets and Depreciation

Following is a summary of changes in general fixed assets:

	Balance February 28, 2003	Additions	Deletions	Balance February 29, 2004
Land and buildings	\$2,845,947	\$188,780	\$ -	\$3,034,727
Vehicles	352,012	22,574	53,262	321,324
Equipment	<u>350,382</u>	<u>5,385</u>	<u>-</u>	<u>355,767</u>
	<u>\$3,548,341</u>	<u>\$216,739</u>	<u>\$53,262</u>	<u>\$3,711,818</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 6 Fixed Assets and Depreciation (Concluded)

Following is a summary of changes in fixed assets for the Water and Sewage Disposal Fund:

	Balance February 28, 2003	Additions	Deletions	Balance February 29, 2004
Land and buildings	\$ 7,744,746	\$1,355,858	\$ -	\$ 9,100,604
Machinery and equipment	10,861,795	20,921	-	10,882,716
Construction in progress	<u>437,251</u>	<u>357,208</u>	<u>190,697</u>	<u>603,762</u>
	<u>\$19,043,792</u>	<u>\$1,733,987</u>	<u>\$190,697</u>	<u>\$20,587,082</u>

Fixed assets used in the Water and Sewage Disposal Systems are depreciated using the straight-line method over the estimated useful lives of the related assets, which are summarized as follows:

Equipment	5 - 33 years
Buildings and improvements	10 - 33 years
Water and Sewer lines	33 - 100 years

Note 7 Retirement CommitmentsPlan Description

The Village of Dundee is in an agent multiple-employer defined benefit pension plan with the Municipal Employees Retirement System (MERS), administered by the State of Michigan. The Village's covered payroll for employees covered by the system for the year ended February 29, 2004 was \$497,055 out of a total of \$694,802.

All full time Village employees are eligible to participate in MERS. Benefits vest after 10 years of service. Village employees who retire at or after age 60 with 10 years, age 55 with 15 years, and age 50 with 25 years of credited service are entitled to an annual retirement benefit of 2.0% of a members 5 year final average compensation multiplied by the years of credited service not to exceed 30 years, payable until attainment of the age at which unreduced social security benefits are available (currently age 65 for normal retirement, gradually increasing to age 67). Upon attainment of this age, the benefit reverts to 1.7% of a members 5 year final average compensation. The system also provides disability retirement allowance, non duty death allowance, duty connected death and post retirement adjustments. These benefit provisions and all other requirements are established by state statute and Village council resolution.

The Municipal Employees Retirement System of Michigan issues a publically available financial report which may be obtained by writing to MERS, 447 North Canal Road, Lansing, Michigan, 48197.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 7 Retirement Commitments (Concluded)Funding Policy

Employees contribute 7.0% of their wages to the plan. The Village is required to contribute the remaining amounts necessary to fund the system, using the actuarial basis specified by State statute. The Village's annual required contribution was zero for the fiscal year ending February 29, 2004. The contribution requirements of plan members and the Village are established by the Village and by the MERS Board of Trustees. The required contribution was determined as part of the December 31, 2002 actuarial valuation using the entry age normal cost method.

Significant actuarial assumptions include: 1.) a rate of return on the investment of present and future assets of 8.0% per year compounded annually, 2.) projected salary increases of 4.5% per year compounded annually, attributable to inflation, 3.) additional projected salary increases ranging from 0.0% to 4.2% per year, depending on age, attributable to seniority/merit, and 4.) the assumption that benefits will increase 2.5% per year (annually) after retirement.

The actuarial value of assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a five year period. The Village's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over 30 years.

Contributions Required and Contributions Made

MERS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. The normal cost and amortization payment were determined using an attained age actuarial funding method. Unfunded actuarial accrued liabilities, if any, were amortized as a level percent of payroll over a period of 30 years.

The contribution to MERS for the year ended February 29, 2004, of \$34,887 (7% current covered payroll) was made in accordance with actuarially determined requirements computed through an actuarial valuation performed as of December 31, 1990. The Village contributed \$-0- ; employees contributed \$34,887 (7.0% current covered payroll).

Three-year Trend Information

	<u>Valuation Ended December 31,</u>		
	<u>2000</u>	<u>2001</u>	<u>2002</u>
Annual pension cost	\$ -	\$ -	\$ -
Percentage of APC contributed	100%	100%	100%
Net pension obligation	-	-	-
Actuarial value of assets	1,794,349	1,898,743	1,929,949
Actuarial accrued liability			
(entry age)	1,404,444	1,453,660	1,544,328
Unfunded (overfunded) AAL	(389,905)	(445,083)	(385,621)
Funded ratio	128%	131%	125%
Annual covered payroll	408,809	446,308	487,865
UAAL as a percentage of annual covered payroll	0%	0%	0%

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt

Following is a summary of changes in long-term debt:

	Balance February 28, <u>2003</u>	<u>Additions</u>	<u>Retired</u>	Balance February 29, <u>2004</u>
1991 Water Supply System Limited Tax General Obligation Bonds, bearing interest at rates from 6.00% to 9.00%.	\$1,080,000	\$ -	\$1,080,000	\$ -
1997 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 6.25%.	175,000	-	15,000	160,000
1994 Sewage Disposal System Refunding Bonds, bearing interest at rates from 4.1% to 6.2%.	1,315,000	-	190,000	1,125,000
1993 Sewage Disposal System Limited Tax General Obligation bonds, bearing interest at 2%.	1,070,000	-	80,000	990,000
1998 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 5.75%.	315,000	-	10,000	305,000
1999 Water Supply and Sewage Disposal System Revenue Bonds, bearing interest at 4.50%.	85,000	-	10,000	75,000
2001 Monroe County Water Supply System Limited Tax General Obligation Bonds, bearing interest at rates from 4.0% to 5.0%.	3,455,000	-	50,000	3,405,000
2002 Water Supply System Limited Tax General Obligation Refunding Bonds, bearing inter- est at rates from 1.4% to 3.8%.	-	1,085,000	25,000	1,060,000
Total Enterprise Fund	<u>\$7,495,000</u>	<u>\$1,085,000</u>	<u>\$1,460,000</u>	<u>\$7,120,000</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

	Balance February 28, <u>2003</u>	<u>Additions</u>	<u>Retired</u>	Balance February 29, <u>2004</u>
1993 General Obligation Limited Tax Bonds, bearing interest at rates from 3.0% to 5.5%.	\$ 220,000	\$ -	\$ 30,000	\$ 190,000
1993 Special Assessment Bonds, bearing interest at rates from 3.0% to 5.5%.	200,000	-	50,000	150,000
1993 Michigan Transportation Fund Bonds, bearing interest at rates from 3.0% to 5.5%.	155,000	-	20,000	135,000
October 3, 1995 installment purchase agreement for purchase of heating and cooling units for the Community Center. Payments are \$222.97 per month for 120 months at 5.55% interest.	6,178	-	2,389	3,789
1996 Michigan Transportation Fund Bonds bearing interest at rates from 4.7% to 6.5%.	60,000	-	20,000	40,000
1996 Special Assessment Bonds bearing an interest rate of 5.6%.	21,000	-	7,000	14,000
July 17, 1996 installment purchase agreement with Monroe Bank & Trust for the construction of a new roof for the Community Center. Payments are \$205.50 per month for 120 months at 5.15% interest.	7,882	-	2,110	5,772
1999 Installment purchase with Monroe Bank & Trust for purchase of a dump truck, payments are made annually with interest at 4.30%.	32,000	-	10,000	22,000

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

	Balance February 28, 2003	Additions	Retired	Balance February 29, 2004
1998 General Obligation Limited Tax Bonds, bearing interest at 4.95%.	\$ 85,000	\$ -	\$ 5,000	\$ 80,000
1998 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.95%.	330,000	-	35,000	295,000
1999 Special Assessment Limited Tax General Obligation Bonds, bearing interest at 4.40%.	235,000	-	40,000	195,000
November 21, 2000 installment purchase agreement for purchase of a new dump truck for the Department of Public Works. Annual payments include interest at 5.5%.	30,000	-	5,000	25,000
2000 Special Assessment Limited Tax General Obligation Bonds bearing interest at 5.10%.	280,000	-	30,000	250,000
October 25, 2001 installment purchase agreement for purchase of a new Ford F250 to be used by the Department of Public Works. Monthly principal only payments of \$833.64.	17,556	-	10,004	7,552
2001 Special Assessment Limited Tax General Obligation Bonds bearing interest at 4.45%.	220,000	-	10,000	210,000
February 13, 2004 installment purchase agreement for purchase of building located at 141 Riley St., Dundee. Variable semi-annual payments bearing an interest rate of 3.60%	-	175,000	-	175,000
Total General Obligation	<u>\$1,899,616</u>	<u>\$175,000</u>	<u>\$276,503</u>	<u>\$1,798,113</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

	Balance February 28, <u>2003</u>	<u>Additions</u>	<u>Retired</u>	Balance February 29, <u>2004</u>
Refinanced Downtown Development Authority - Component Unit 1994 Downtown Development and Refunding Bonds, bearing interest at 4.55%.	\$ 1,585,000	\$ -	\$ 20,000	\$ 1,565,000
Refinanced Downtown Development Authority - Component Unit 1994 Downtown Development and Refunding Bonds, (nonrefundable portion) bearing interest at 7.30%.	65,000	-	65,000	-
Economic Development Component Unit note payable to Cabella's Retail, Inc. Payments to be made annually starting 2003 and continuing for sixteen years. Payment amount is based on tax revenues.	12,335,065	-	-	12,335,065
Local Development Finance Authority - Component Unit 2003 Global Engine Bonds, bearing interest at 5.75%	<u>-</u>	<u>2,000,000</u>	<u>-</u>	<u>2,000,000</u>
Total Component Unit	13,985,065	2,000,000	85,000	15,900,065
Compensated Absences	<u>32,195</u>	<u>4,139</u>	<u>-</u>	<u>36,334</u>
Total	<u>\$23,411,876</u>	<u>\$3,264,139</u>	<u>\$1,821,503</u>	<u>\$24,854,512</u>

Contract liability for 1991 Water Supply System Limited Tax General Obligation Bonds (Dundee Water #1) - \$1,700,000 issue, dated May 1, 1991, plus a premium of \$291, by the County of Monroe to construct a water treatment plant within the Village. The Village has contracted to furnish the necessary funds for payment of principal and interest as they become due.

The Village has refinanced above mentioned bonds, issuing 2002 Series Refunding Bonds.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

1997 Water Supply and Sewer Disposal System Revenue Bonds dated March 1, 1997, in the aggregate principal amount of \$220,000 for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 15,000	\$ 8,006	\$ 23,006
2006	15,000	7,219	22,219
2007	15,000	6,431	21,431
2008	15,000	5,644	20,644
2009	15,000	4,856	19,856
2010	20,000	3,938	23,938
2011	20,000	2,888	22,888
2012	20,000	1,838	21,838
2013	<u>25,000</u>	<u>655</u>	<u>25,655</u>
	<u>\$160,000</u>	<u>\$41,475</u>	<u>\$201,475</u>

Contract liability for 1994 Sewage Disposal Refunding Bonds (Village of Dundee System No. 1) - \$2,150,000 issue dated July 7, 1994, less discount of \$5,793, by the County of Monroe to advance refund 1988 Sewage Disposal System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 185,000	\$ 61,260	\$ 246,260
2006	185,000	50,669	235,669
2007	180,000	40,130	220,130
2008	180,000	29,600	209,600
2009	200,000	18,190	218,190
2010	<u>195,000</u>	<u>6,045</u>	<u>201,045</u>
	<u>\$1,125,000</u>	<u>\$205,894</u>	<u>\$1,330,894</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

Contract Liability For Sewage Disposal Systems Bonds (Dundee Sewer No. 2) - \$1,165,000 issue dated September 30, 1993, by the County of Monroe as part of the State Revolving Loan Funded Project, to finance the sewer separation project capitalized in the water/sewer enterprise fund during fiscal year ending February 28, 1997.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 80,000	\$ 18,493	\$ 98,493
2006	85,000	16,843	101,843
2007	85,000	15,143	100,143
2008	85,000	13,443	98,443
2009	90,000	11,693	101,693
2010	90,000	9,893	99,893
2011	90,000	8,093	98,093
2012	95,000	6,243	101,243
2013	95,000	4,343	99,343
2014	95,000	2,443	97,443
2015	<u>100,000</u>	<u>747</u>	<u>100,747</u>
	<u>\$990,000</u>	<u>\$107,377</u>	<u>\$1,097,377</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

Contract Liability for General Obligation Limited Tax Bonds - \$350,000 issue dated May 5, 1998, by the County of Monroe for the purpose of construction and improvements to the Village's Water Supply and Sewage Disposal System.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 10,000	\$ 15,150	\$ 25,150
2006	10,000	14,645	24,645
2007	10,000	14,140	24,140
2008	15,000	13,509	28,509
2009	15,000	12,751	27,751
2010	15,000	11,994	26,994
2011	15,000	11,236	26,236
2012	15,000	10,479	25,479
2013	15,000	9,721	24,721
2014	15,000	8,964	23,964
2015	40,000	7,575	47,575
2016	40,000	5,555	45,555
2017	40,000	3,535	43,535
2018	<u>50,000</u>	<u>1,263</u>	<u>51,263</u>
	<u>\$305,000</u>	<u>\$140,517</u>	<u>\$445,517</u>

1999 Water Supply and Sewage Disposal System Revenue Bonds dated May 18, 1999, in the aggregate principal amount of \$115,000 for the purpose of construction and extension of water and sewer lines.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$10,000	\$ 3,225	\$13,225
2006	10,000	2,775	12,775
2007	10,000	2,325	12,325
2008	15,000	1,763	16,763
2009	15,000	1,068	16,068
2010	<u>15,000</u>	<u>356</u>	<u>15,356</u>
	<u>\$75,000</u>	<u>\$11,512</u>	<u>\$86,512</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

2001 Monroe County Water Supply System Limited Tax General Obligation Bonds dated April 1, 2001, in the aggregate principal amount of \$3,500,000 less discount of \$35,000 by the County of Monroe for the purpose of construction and extension of water system improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 55,000	\$ 161,352	\$ 216,352
2006	60,000	159,052	219,052
2007	65,000	156,552	221,552
2008	65,000	153,904	218,904
2009	70,000	151,085	221,085
2010	70,000	148,128	218,128
2011	90,000	144,728	234,728
2012	100,000	140,690	240,690
2013	100,000	136,365	236,365
2014	130,000	131,240	261,240
2015	115,000	125,670	240,670
2016	125,000	120,088	245,088
2017	130,000	114,030	244,030
2018	130,000	107,758	237,758
2019	190,000	99,950	289,950
2020	205,000	90,273	295,273
2021	215,000	79,875	294,875
2022	225,000	68,875	293,875
2023	235,000	57,375	292,375
2024	245,000	45,375	290,375
2025	250,000	33,000	283,000
2026	260,000	20,250	280,250
2027	<u>275,000</u>	<u>6,875</u>	<u>281,875</u>
	<u>\$3,405,000</u>	<u>\$2,452,490</u>	<u>\$5,857,490</u>

Contract Liability for 2002 Water Supply System Refunding Bonds (Village of Dundee System No. 1) - \$1,085,000 issue dated December 19, 2002, less discount of \$2,341 by the County of Monroe to advance refund 1991 Water Supply System Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 115,000	\$ 33,045	\$ 148,045
2006	120,000	29,520	149,520
2007	125,000	25,845	150,845
2008	125,000	22,095	147,095
2009	130,000	18,173	148,173
2010	140,000	13,745	153,745
2011	150,000	8,627	158,627
2012	<u>155,000</u>	<u>2,945</u>	<u>157,945</u>
	<u>\$1,060,000</u>	<u>\$153,995</u>	<u>\$1,213,995</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

1993 General Obligation Limited Tax Bonds dated September 1, 1993, in the aggregate amount of \$450,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 35,000	\$ 9,316	\$ 44,316
2006	35,000	7,488	42,488
2007	40,000	5,480	45,480
2008	40,000	3,300	43,300
2009	<u>40,000</u>	<u>1,100</u>	<u>41,100</u>
	<u>\$190,000</u>	<u>\$26,684</u>	<u>\$216,684</u>

1993 Special Assessment Bonds (limited tax general obligation) dated September 1, 1993, in the aggregate principal amount of \$660,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 50,000	\$ 6,713	\$ 56,713
2006	25,000	4,762	29,762
2007	25,000	3,425	28,425
2008	25,000	2,063	27,063
2009	<u>25,000</u>	<u>687</u>	<u>25,687</u>
	<u>\$150,000</u>	<u>\$17,650</u>	<u>\$167,650</u>

1993 Michigan Transportation Fund Bonds dated September 1, 1993, in the aggregate amount of \$300,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 25,000	\$ 6,395	\$ 31,395
2006	25,000	5,132	30,132
2007	25,000	3,845	28,845
2008	30,000	2,400	32,400
2009	<u>30,000</u>	<u>803</u>	<u>30,803</u>
	<u>\$135,000</u>	<u>\$18,575</u>	<u>\$153,575</u>

On July 7, 1994, the County of Monroe issued \$2,150,000 in Sewage Disposal Refunding Bonds (Village of Dundee System No. 1) with an average interest of 5.77% to advance refund \$1,925,000 of outstanding 1988 Sewage Disposal System Bonds (Dundee Sewer No. 1), with an average interest rate of 7.65%. The net proceeds of \$2,087,427 (after an original issue discount of \$5,793 and payment of \$56,780 in underwriting fees and other issuance costs) were deposited into a restricted trust account with an escrow agent to provide the funds to call \$1,925,000 of the outstanding bonds on May 1, 1997. Accordingly, \$1,925,000 of 1988 Sewage Disposal System Bonds is considered to be extinguished and the liability for those bonds has been removed from the Enterprise Fund.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

1995 note payable to Monroe Bank & Trust, dated October 3, 1995 for \$20,500 to finance an installment purchase agreement for the purchase and installation of heating and cooling units at the Community Center.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$2,532	\$144	\$2,676
2006	<u>1,257</u>	<u>25</u>	<u>1,282</u>
	<u>\$3,789</u>	<u>\$169</u>	<u>\$3,958</u>

1996 Michigan Transportation Fund Bonds dated May 1, 1996, in the aggregate amount of \$160,000 for the construction of public street improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$20,000	\$1,640	\$21,640
2006	<u>20,000</u>	<u>650</u>	<u>20,650</u>
	<u>\$40,000</u>	<u>\$2,290</u>	<u>\$42,290</u>

1996 Special Assessment Bonds (limited tax general obligation) dated September 24, 1996, in the aggregate amount of \$63,000 for the construction of Outer Drive drainage improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 7,000	\$ 784	\$ 7,784
2006	<u>7,000</u>	<u>392</u>	<u>7,392</u>
	<u>\$14,000</u>	<u>\$1,176</u>	<u>\$15,176</u>

1996 Note Payable to Monroe Bank & Trust, dated July 17, 1996 for \$19,200 to finance the construction of a new roof.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$2,220	\$246	\$2,466
2006	2,338	128	2,466
2007	<u>1,214</u>	<u>18</u>	<u>1,232</u>
	<u>\$5,772</u>	<u>\$392</u>	<u>\$6,164</u>

1999 Note Payable to Monroe Bank & Trust, dated June 15, 1999 for \$70,000 to finance the purchase of a new dump truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$11,000	\$ 946	\$11,946
2006	<u>11,000</u>	<u>473</u>	<u>11,473</u>
	<u>\$22,000</u>	<u>\$1,419</u>	<u>\$23,419</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

Contract Liability for 1998 General Obligation Limited Tax Bonds - \$105,000 issue dated May 5, 1998, by the County of Monroe for the purpose of local public improvements.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 5,000	\$ 3,960	\$ 8,960
2006	5,000	3,712	8,712
2007	10,000	3,465	13,465
2008	10,000	2,970	12,970
2009	10,000	2,475	12,475
2010	10,000	1,980	11,980
2011	10,000	1,485	11,485
2012	10,000	990	10,990
2013	<u>10,000</u>	<u>495</u>	<u>10,495</u>
	<u>\$80,000</u>	<u>\$21,532</u>	<u>\$101,532</u>

Special Assessment Limited Tax General Obligation Bonds dated May 5, 1998, in the aggregate amount of \$475,000 for the purpose of local public improvements for Stowell Road and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 35,000	\$14,603	\$ 49,603
2006	35,000	12,870	47,870
2007	35,000	11,137	46,137
2008	30,000	9,405	39,405
2009	30,000	7,920	37,920
2010	30,000	6,435	36,435
2011	30,000	4,950	34,950
2012	30,000	3,465	33,465
2013	<u>40,000</u>	<u>1,980</u>	<u>41,980</u>
	<u>\$295,000</u>	<u>\$72,765</u>	<u>\$367,765</u>

Special Assessment (Limited Tax General Obligation) Bonds dated May 18, 1999, in the aggregate amount of \$375,000 for the purpose of local public improvements for Oak Street and Waterstradt Commerce Drive.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 40,000	\$ 8,360	\$48,360
2006	40,000	6,660	46,660
2007	40,000	4,960	44,960
2008	40,000	3,260	43,260
2009	<u>35,000</u>	<u>1,540</u>	<u>36,540</u>
	<u>\$195,000</u>	<u>\$24,780</u>	<u>\$219,780</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

2001 Note Payable to Monroe Bank & Trust, dated November 21, 2000 for \$39,784 to finance an installment purchase agreement for the purchase of a New Dump Truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 6,000	\$1,375	\$ 7,375
2006	6,000	1,045	7,045
2007	6,000	715	6,715
2008	<u>7,000</u>	<u>385</u>	<u>7,385</u>
	<u>\$25,000</u>	<u>\$3,520</u>	<u>\$28,520</u>

Special Assessment (Limited Tax General Obligation) Bonds dated November 7, 2000, in the aggregate amount of \$300,000 for the purpose of an Industrial Complex Development.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 35,000	\$11,403	\$ 46,403
2006	30,000	9,868	39,868
2007	30,000	8,435	38,435
2008	30,000	6,988	36,988
2009	35,000	5,403	40,403
2010	30,000	3,795	33,795
2011	30,000	2,288	32,288
2012	<u>30,000</u>	<u>765</u>	<u>30,765</u>
	<u>\$250,000</u>	<u>\$48,945</u>	<u>\$298,945</u>

2001 Note Payable to Ford Motor Credit Company, dated October 25, 2001 for \$30,011 to finance an installment purchase agreement for the purchases of a new F250 pickup truck.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$7,552	\$_____ -	\$7,552
	<u>\$7,552</u>	<u>\$_____ -</u>	<u>\$7,552</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

2001 Special Assessment (Limited Tax General Obligation) Bonds dated November 1, 2001, in the aggregate amount of \$220,000 for the purpose of road replacement on Rawson Street.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 15,000	\$ 9,011	\$ 24,011
2006	15,000	8,344	23,344
2007	15,000	7,676	22,676
2008	15,000	7,009	22,009
2009	15,000	6,341	21,341
2010	15,000	5,674	20,674
2011	15,000	5,006	20,006
2012	15,000	4,339	19,339
2013	15,000	3,671	18,671
2014	15,000	3,004	18,004
2015	15,000	2,336	17,336
2016	15,000	1,669	16,669
2017	15,000	1,001	16,001
2018	15,000	334	15,334
	<u>\$210,000</u>	<u>\$65,415</u>	<u>\$275,415</u>

2004 Note Payable to United Bank & Trust, dated February 13, 2004 for \$175,000 to finance the purchase of real estate.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 6,556	\$ 3,990	\$ 10,546
2006	7,515	3,032	10,547
2007	7,650	2,896	10,546
2008	7,788	2,759	10,547
2009	7,928	2,618	10,546
2010	8,070	2,477	10,547
2011	8,215	2,331	10,546
2012	8,364	2,183	10,547
2013	8,514	2,032	10,546
2014	8,667	1,880	10,547
2015	8,823	1,723	10,546
2016	8,982	1,565	10,547
2017	9,143	1,403	10,546
2018	9,309	1,238	10,547
2019	9,476	1,070	10,546
2020	9,647	900	10,547
2021	9,820	726	10,546
2022	9,997	550	10,547
2023	10,176	370	10,546
2024	10,360	186	10,546
	<u>\$175,000</u>	<u>\$35,929</u>	<u>\$210,929</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Continued)

1999 Downtown Development Refunding Bonds (Limited Tax General Obligation) dated March 23, 1999, in the aggregate principal amount of \$1,695,000 for the refinancing of the 1994 Downtown Development and Refunding Bonds.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ 95,000	\$ 69,046	\$ 164,046
2006	105,000	64,496	169,496
2007	110,000	59,605	169,605
2008	120,000	54,373	174,373
2009	130,000	48,685	178,685
2010	145,000	42,429	187,429
2011	150,000	35,717	185,717
2012	160,000	28,665	188,665
2013	175,000	21,044	196,044
2014	185,000	12,854	197,854
2015	<u>190,000</u>	<u>4,323</u>	<u>194,323</u>
	<u>\$1,565,000</u>	<u>\$441,237</u>	<u>\$2,006,237</u>

2003 Local Development Finance Authority Global Engine Bonds (Village LDFA Tax Exempt) dated May 29, 2003 in the aggregate principal amount of \$2,000,000 for acquisition - construction of various infrastructure improvements to assist in the Global Engine Project.

<u>Year Fiscal</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirements</u>
2005	\$ -	\$115,000	\$115,000
2006	60,000	113,275	173,275
2007	65,000	109,681	174,681
2008	65,000	105,944	170,944
2009	70,000	102,062	172,062
2010	75,000	97,894	172,894
2011	80,000	93,437	173,437
2012	85,000	88,694	173,694
2013	90,000	83,663	173,663
2014	95,000	78,344	173,344
2015	100,000	72,737	172,737
2016	105,000	66,844	171,844
2017	110,000	60,662	170,662
2018	120,000	54,050	174,050
2019	125,000	47,006	172,006
2020	135,000	39,531	174,531
2021	140,000	31,625	171,625
2022	150,000	23,288	173,288
2023	160,000	14,375	174,375
2024	<u>170,000</u>	<u>4,888</u>	<u>174,888</u>
	<u>\$2,000,000</u>	<u>\$1,403,000</u>	<u>\$3,403,000</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 8 Long-Term Debt (Concluded)

The annual requirements to pay principal and interest on the long-term debt outstanding at February 29, 2004 are as follows:

<u>Year Ending February 28,</u>	<u>Amount</u>
2005	\$ 1,431,323
2006	1,438,185
2007	1,381,768
2008	1,360,601
2009	1,360,379
2010 to 2014	4,856,393
2015 to 2019	2,719,865
2020 to 2024	2,388,212
2025 to 2030	<u>845,125</u>
	<u>\$17,781,851</u>

The annual requirements to pay principal and interest on the long term debt outstanding do not include requirements of the Economic Development Corporation's note payable to Cabella's Retail, Inc. Payment amounts are based on tax revenues and have not been determined.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 9 Interfund Receivable and Payable Balances

Balances as of February 29, 2004 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund:		
Major Street Fund	\$ 15,676	
Local Street Fund	9,115	
Payroll Fund	78	
Tax	2,207	
Water & Sewer	96,814	
EDC Debt		\$ 34
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	4,176	
EDC		13
Major Street Fund:		
Water/Sewer	18,004	
General Fund		15,676
Local Street Fund:		
General Fund		9,115
Component Units:		
LDFA #3 Debt:		
Water/Sewer	115,701	
EDC Debt:		
General Fund	34	
Municipal Highway Fund	13	
Agency Funds:		
Taxes:		
General Fund		2,207
1993 S.A.		1,075
Municipal Highway Fund		4,176
Water/Sewer		2,849
Payroll Fund:		
General Fund		78
Debt Fund:		
1993 S.A. Debt:		
Tax Fund	1,075	
Water/Sewer:		
Major Street Fund		18,004
General Fund		96,814
Tax	2,849	
LDFA #3 Debt	<u> </u>	<u>115,701</u>
	<u>\$265,742</u>	<u>\$265,742</u>

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 10 Water Department - Restricted Assets

Bond Ordinance No. 34 requires a minimum balance of \$1,000 to be on deposit in the Replacement Fund and \$8,000 to be on deposit in the Bond Reserve Fund. These requirements have been met.

Note 11 Segment Information for Enterprise Fund

The Village maintains one Enterprise Fund which provides water and sewer services to Village residents. Segment information for the year ended February 29, 2004 follows:

	<u>Combined</u>	<u>Water</u>	<u>Sewer</u>
Operating revenues	\$ 1,321,481	\$708,991	\$612,490
Depreciation and amortization	548,042	291,936	256,106
Operating income (loss)	(397,502)	(221,482)	(176,020)
Tax revenues	206,293	-	206,293
Net income (loss)	195,725	(266,053)	461,778
Contributed capital	7,309,266		
Fixed asset additions	1,733,987		
Bonds and contracts payables	7,120,000		
Net working capital	680,100		
Total assets	17,547,151		
Total equity	9,771,533		

Note 12 Accrued Compensated Absences

The Village has accrued liability to its employees for accumulated vested vacation benefits. The Village's employment policy provides that vacation days can not be carried over. The period begins and ends on the employee's anniversary date.

The Village accrued vacation pay of \$25,021 in the Water and Sewage Disposal Enterprise Fund at February 29, 2004. Vacation pay of approximately \$36,334 relating to the governmental funds is recorded in the general long-term debt account group. The Village's employment policy allows for sick days to be carried forward.

Note 13 Contingent Liability - Unemployment Compensation

Effective January 1, 1975 political subdivisions became subject to the Michigan Employment Security Act. The Village of Dundee, instead of paying regular contributions to the State Unemployment Fund, elected to make reimbursement payments. The Village is self-insuring its contingent liability for reimbursement payments, by making appropriations to the Unemployment Compensation Fund. It is not possible to estimate the potential expense from future unemployment claims.

Note 14 Contingent Liability - Federal and State Grants

During the past several years federal and state grants for various projects have been received that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant.

NOTES TO FINANCIAL STATEMENTS

February 29, 2004

Note 15 Land Transfer Agreement

On January 21, 1992, under Act No. 425 of the Public Acts of Michigan of 1984, the Village of Dundee and Dundee Township approved a land transfer agreement to conditionally transfer Dundee Township property owned by Holnam, Inc. to the Village of Dundee.

This agreement is for the purposes of creating a LDFA district and capturing the taxes on any new construction and for general taxing purposes under the Village's taxing authority and for any other reason or purposes necessary to pay for the extensions of water and sewer services to a designated location to serve the Holnam, Inc. property and any and all costs connected with the extensions and with the sale of bonds, the proceeds from which will be used to pay for the extensions. This agreement shall terminate when the bonds for the water and sewer extensions and any and all costs associated with the extensions and when the issuance of the bonds have been paid in full from taxes captured from the transferred area through the LDFA.

For all other purposes, the property shall remain under the jurisdiction of the Township.

Note 16 Operating Transfers In and Out

The excess of operating transfers "out" over operating transfers "in" in the amount of \$433,568 consists of a combination of transfers from the Local Development Finance Authority - Water Plant for \$283,195 and the General Fund for \$150,603 to the Water and Sewage Disposal Enterprise Fund as well as a transfer to the Local Development Finance Authority - Ann Arbor Road for \$230 from the Water and Sewage Disposal Enterprise Fund.

Note 17 Excess of Expenditures over Appropriations

During the year ended February 29, 2004, the Village incurred the following instance of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Excess Expenditures</u>	<u>Expenditures</u>
Park and Recreation Fund	\$ 9,300	\$ 9,867	\$ 567
Building Department	78,608	121,988	43,380
1999 Special Assessment Debt Fund	50,345	50,350	5

Note 18 Risk Management

The Village is exposed to various risks of loss related to property loss, torts, errors, omissions and employee injuries (workman's compensation). The Village has purchased commercial insurance for property loss, torts, errors, omissions and employee injuries.

GENERAL FUND

General Fund

To account for all revenues, expenditures and activities not specifically provided for in other funds.

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes:			
Property taxes	\$1,005,700	\$943,966	(\$61,734)
Licenses and Permits:			
Business licenses and permits	24,050	36,226	12,176
State Grants:			
State revenue sharing	250,000	310,960	60,960
Liquor license fees	2,900	5,443	2,543
	<u>252,900</u>	<u>316,403</u>	<u>63,503</u>
Fines and Forfeits:			
Fines	11,000	13,638	2,638
Interest and Rentals:			
Interest	18,000	14,909	(3,091)
Equipment rental	55,000	69,606	14,606
	<u>73,000</u>	<u>84,515</u>	<u>11,515</u>
Other Revenue:			
Other revenue	10,900	10,529	(371)
Total Revenues	1,377,550	1,405,277	27,727
Expenditures			
Legislative:			
Village president and council	20,048	18,453	1,595
General government			
Village manager	72,245	76,059	(3,814)
Clerk - elections	1,646	1,703	(57)
Attorney	7,600	20,555	(12,955)
Independent accounting and auditing	7,300	4,900	2,400
Clerk - staff	131,449	103,892	27,557
Treasurer	10,389	7,648	2,741
Village hall and grounds	13,500	13,294	206
	<u>244,129</u>	<u>228,051</u>	<u>16,078</u>

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Concluded)			
Public Safety:			
Police protection	\$187,775	\$209,441	(\$21,666)
Fire department	8,500	8,500	0
Blight inspector	2,090	1,980	110
Street lights	90,000	77,243	12,757
Building safety - fire warden	700	1,407	(707)
	<u>289,065</u>	<u>298,571</u>	<u>(9,506)</u>
Public Works	248,880	160,901	87,979
Culture and Recreation:			
Economic development	85,490	94,609	(9,119)
Insurance (Bonds & Liability)	<u>32,200</u>	<u>17,706</u>	<u>14,494</u>
Total Expenditures	<u>919,812</u>	<u>818,291</u>	<u>101,521</u>
Excess (Deficiency) of Revenues over Expenditures	457,738	586,986	129,248
Other Financing Sources (Uses)			
Operating transfers in	5,000	68,188	63,188
Operating transfers out	(462,738)	(374,959)	87,779
Total Other Financing Sources (Uses)	<u>(457,738)</u>	<u>(306,771)</u>	<u>150,967</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	280,215	280,215
Fund Balances - Beginning of Year	<u>0</u>	<u>1,317,871</u>	<u>1,317,871</u>
Fund Balances - End of Year	<u>\$0</u>	<u>\$1,598,086</u>	<u>\$1,598,086</u>

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL

For the Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Village President and Council:			
President's fees/council fees	\$15,000	\$14,425	\$575
FICA expense	1,148	1,104	44
Travel/conferences	1,100	0	1,100
Miscellaneous	2,800	2,924	(124)
	<u>20,048</u>	<u>18,453</u>	<u>1,595</u>
Village Manager:			
Manager's salary	45,217	46,409	(1,192)
FICA expense	3,460	3,662	(202)
Hospitalization	12,000	11,802	198
Life insurance	168	360	(192)
Supplies and postage	1,000	5,520	(4,520)
Conference and seminars	1,500	783	717
Telephone	4,800	3,789	1,011
Travel expense	2,700	3,216	(516)
Dues	400	221	179
Miscellaneous	1,000	297	703
	<u>72,245</u>	<u>76,059</u>	<u>(3,814)</u>
Clerk-Elections	1,646	1,703	(57)
Attorney:			
Legal fees	7,600	20,555	(12,955)
Independent Accounting and Audit:			
Accounting and auditing fees	7,300	4,900	2,400
Clerk-Staff:			
Fees elected	2,500	2,360	140
Wages clerical	47,800	47,609	191
FICA expense	3,849	3,823	26
Hospitalization insurance	30,000	13,698	16,302
Life insurance	350	130	220
Retirement contribution	5,000	0	5,000
Supplies and postage	8,000	12,989	(4,989)
Contractual	1,000	2,830	(1,830)
Telephone	2,000	2,337	(337)
Building maintenance	0	50	(50)
Equipment maintenance	5,000	3,877	1,123

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES
BUDGET AND ACTUAL

For the Year Ended February 29, 2004

(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Clerk-Staff (concluded)			
Publishing	\$5,000	\$5,448	(\$448)
Conferences and training	1,000	819	181
Miscellaneous	450	231	219
Dues	2,300	2,140	160
Travel	200	166	34
Capital outlay	17,000	5,385	11,615
	<u>131,449</u>	<u>103,892</u>	<u>27,557</u>
Treasurer:			
Treasurer's salary	6,000	6,000	0
FICA expense	689	459	230
Supplies	1,000	893	107
Tax bill preparation	700	201	499
Conferences and training	0	95	(95)
Equipment	2,000	0	2,000
	<u>10,389</u>	<u>7,648</u>	<u>2,741</u>
Village Hall and Grounds:			
Utilities	4,500	2,902	1,598
Repairs and maintenance	9,000	10,392	(1,392)
	<u>13,500</u>	<u>13,294</u>	<u>206</u>
Police Protection:			
Police salaries	4,900	5,100	(200)
FICA expense	375	390	(15)
Contractual services	164,000	186,516	(22,516)
Legal expenses	1,000	1,000	0
Auto maintenance	6,000	5,713	287
Gas and oil	6,000	5,202	798
Radio maintenance	500	160	340
Telephone	1,500	1,162	338
Office supplies	3,000	4,141	(1,141)
Miscellaneous	500	57	443
	<u>187,775</u>	<u>209,441</u>	<u>(21,666)</u>
Fire Department:			
Contractual services - Dundee Township	8,500	8,500	0

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES
BUDGET AND ACTUALFor the Year Ended February 29, 2004
(Continued)

	Budget	Actual	Variance Favorable (Unfavorable)
Blight Inspector:			
Fees	\$1,800	\$1,800	\$0
FICA expense	140	138	2
Supplies	150	42	108
	<u>2,090</u>	<u>1,980</u>	<u>110</u>
Street Lighting:			
Street lights	90,000	77,243	12,757
Building Safety - Fire Warden:			
Inspectors' fees	650	642	8
FICA expense	50	49	1
Supplies	0	716	(716)
	<u>700</u>	<u>1,407</u>	<u>(707)</u>
Public Works:			
Maintenance wages	103,000	71,515	31,485
FICA expense	7,880	5,471	2,409
Hospitalization insurance	57,000	19,927	37,073
Life insurance	500	190	310
Uniform expense	1,800	1,682	118
Telephone	4,500	3,343	1,157
Utilities	3,000	3,784	(784)
Building maintenance	4,000	9,716	(5,716)
Equipment maintenance	20,500	14,495	6,005
Engineering	400	0	400
Conferences and Training	500	439	61
Tree trimming	25,000	19,465	5,535
Miscellaneous	1,800	1,162	638
New equipment	5,000	1,215	3,785
Office supplies	1,000	2,151	(1,151)
Retirement	7,000	0	7,000
Gas and Oil	6,000	6,346	(346)
	<u>248,880</u>	<u>160,901</u>	<u>87,979</u>

GENERAL FUND

DETAILED STATEMENT OF EXPENDITURES
BUDGET AND ACTUALFor the Year Ended February 29, 2004
(Concluded)

	Budget	Actual	Variance Favorable (Unfavorable)
Economic Development:			
Contractual services	\$15,000	\$19,531	(\$4,531)
Conferences and training	1,000	0	1,000
Community promotion	25,000	15,225	9,775
Legal	16,000	14,834	1,166
Engineering	0	9,671	(9,671)
Dues	200	834	(634)
Contribution to MCIDC	2,500	2,500	0
Grounds	10,000	21,593	(11,593)
Supplies	800	0	800
Postage	100	0	100
Telephone	50	0	50
Publishing	500	1,813	(1,313)
Travel	500	389	111
Advertising	6,340	6,030	310
Miscellaneous	1,000	44	956
Equipment	6,500	2,145	4,355
	<u>85,490</u>	<u>94,609</u>	<u>(9,119)</u>
Insurance (Bonds & Liability)	<u>32,200</u>	<u>17,706</u>	<u>14,494</u>
Total Expenditures	<u><u>\$919,812</u></u>	<u><u>\$818,291</u></u>	<u><u>\$101,521</u></u>

SPECIAL REVENUE FUNDS

Municipal Street Fund

To account for the Village's special street millage and to account for street oriented expenditures not provided for under Act 51, P.A. of 1951.

Major Street Fund

To comply with the provisions of Act 51 P.A. of 1951, as amended, which provides that gas and weight tax moneys distributed by the State of Michigan to local units must be segregated from other moneys. This fund is used to account for revenues and expenditures that pertain to the construction and maintenance of major streets.

Local Street Fund

To comply with the provisions of Act 51 P.A. of 1951, as amended, which provides that gas and weight tax moneys distributed by the State of Michigan to local units must be segregated from other moneys. This fund is used to account for revenues and expenditures that pertain to the construction and maintenance of local streets.

Parks and Recreation Fund

To account for the operation of the parks and recreation department. Financing is provided from transfers from other funds and other sources.

Historical Commission Fund

To foster and advance the historical interests of the Village of Dundee.

Building Department Fund

To account for the operation of the Building Department. Revenues are generated from building, plumbing, electrical, and mechanical permit fees.

VILLAGE OF DUNDEE

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

February 29, 2004

	<u>Municipal Street</u>	<u>Major Street</u>	<u>Local Street</u>	<u>Parks and Recreation</u>	<u>Historical Commission</u>
Assets					
Cash and money management accounts	\$353,600	\$109,675	\$59,687	\$1,286	\$4,754
Receivables:					
Other	0	0	0	0	0
Delinquent taxes	37,886	0	0	0	0
Due from other funds	4,176	18,004	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$395,662</u>	<u>\$127,679</u>	<u>\$59,687</u>	<u>\$1,286</u>	<u>\$4,754</u>
Liabilities					
Accounts payable	\$0	\$2,579	\$1,419	\$257	\$1,770
Accrued wages	0	836	618	0	0
Due to other funds	13	15,676	9,115	0	0
Deposits	0	0	0	0	0
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	13	19,091	11,152	257	1,770
Fund Balance					
Fund balance - unreserved	<u>395,649</u>	<u>108,588</u>	<u>48,535</u>	<u>1,029</u>	<u>2,984</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Equity	<u>395,649</u>	<u>108,588</u>	<u>48,535</u>	<u>1,029</u>	<u>2,984</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Equity	<u>\$395,662</u>	<u>\$127,679</u>	<u>\$59,687</u>	<u>\$1,286</u>	<u>\$4,754</u>

<u>Building Department</u>	<u>Totals</u>
\$184,034	\$713,036
3,214	3,214
0	37,886
0	22,180
<u>\$187,248</u>	<u>\$776,316</u>
\$4,993	\$11,018
423	1,877
0	24,804
1,457	1,457
6,873	39,156
<u>180,375</u>	<u>737,160</u>
<u>180,375</u>	<u>737,160</u>
<u>\$187,248</u>	<u>\$776,316</u>

VILLAGE OF DUNDEE
SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended February 29, 2004

	Municipal Street	Major Street	Local Street	Parks and Recreation	Historical Commission
Revenues:					
Taxes	\$362,850	\$0	\$0	\$0	\$0
State grants	0	155,085	57,689	0	0
Interest and rentals	1,933	414	109	2	6,005
Licenses and permits	0	0	0	0	0
Program income	0	0	0	6,111	0
Other income	(400)	0	0	25	5,540
Total Revenues	364,383	155,499	57,798	6,138	11,545
Expenditures:					
Public works	26,244	152,839	73,813	0	0
Culture and recreation	0	0	0	9,867	33,519
Total Expenditures	26,244	152,839	73,813	9,867	33,519
Excess (Deficiency) of Revenues over Expenditures	338,139	2,660	(16,015)	(3,729)	(21,974)
Other Financing Sources (Uses):					
Operating transfers in	28,278	100,000	50,000	4,000	25,700
Operating transfers out	(269,582)	(50,940)	0	0	(5,142)
Total Other Financing Sources (Uses)	(241,304)	49,060	50,000	4,000	20,558
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	96,835	51,720	33,985	271	(1,416)
Fund Balances - Beginning of Year	298,814	56,868	14,550	758	4,400
Fund Balances - End of Year	<u>\$395,649</u>	<u>\$108,588</u>	<u>\$48,535</u>	<u>\$1,029</u>	<u>\$2,984</u>

<u>Building Department</u>	<u>Totals</u>
\$0	\$362,850
0	212,774
933	9,396
278,314	278,314
0	6,111
<u>1,532</u>	<u>6,697</u>
280,779	876,142
121,988	374,884
<u>0</u>	<u>43,386</u>
<u>121,988</u>	<u>418,270</u>
158,791	457,872
0	207,978
<u>0</u>	<u>(325,664)</u>
<u>0</u>	<u>(117,686)</u>
158,791	340,186
<u>21,584</u>	<u>396,974</u>
<u><u>\$180,375</u></u>	<u><u>\$737,160</u></u>

MUNICIPAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$383,310	\$362,850	(\$20,460)
Interest	1,500	1,933	433
Other income	0	(400)	(400)
Total Revenues	384,810	364,383	(20,427)
Expenditures:			
Public works:			
Construction	28,228	25,695	2,533
Administration and Engineering	500	549	(49)
Total Expenditures	28,728	26,244	2,484
Excess (Deficiency) of Revenues over Expenditures	356,082	338,139	(17,943)
Other Financing Sources (Uses):			
Operating transfers in	0	28,278	28,278
Operating transfers out	(356,082)	(269,582)	86,500
Total Other Financing Sources (Uses)	(356,082)	(241,304)	114,778
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	96,835	96,835
Fund Balance - Beginning of Year	0	298,814	298,814
Fund Balance - End of Year	<u>\$0</u>	<u>\$395,649</u>	<u>\$395,649</u>

MAJOR STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State grants:			
Gas and weight tax	\$135,000	\$155,085	\$20,085
Interest	500	414	(86)
Total Revenues	135,500	155,499	19,999
Expenditures:			
Public works:			
Construction	68,960	27,295	41,665
Routing maintenance - roads and streets	79,300	73,139	6,161
Traffic services - maintenance	5,077	3,073	2,004
Winter maintenance	15,133	17,672	(2,539)
Roadside parks and parkways	29,866	21,559	8,307
Administration, engineering and recordkeeping	17,840	10,101	7,739
Total Expenditures	216,176	152,839	63,337
Excess (Deficiency) of Revenues over Expenditures	(80,676)	2,660	83,336
Other Financing Sources (Uses):			
Operating transfers in	131,576	100,000	(31,576)
Operating transfers out	(50,900)	(50,940)	(40)
Total Other Financing Sources (Uses)	80,676	49,060	(31,616)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	51,720	51,720
Fund Balance - Beginning of Year	0	56,868	56,868
Fund Balance - End of Year	\$0	\$108,588	\$108,588

LOCAL STREET FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
State grants:			
Gas and weight tax	\$55,000	\$57,689	\$2,689
Interest	130	109	(21)
Total Revenues	55,130	57,798	2,668
Expenditures:			
Public works:			
Construction - contractual services	37,865	133	37,732
Routing maintenance - roads and streets	53,530	55,559	(2,029)
Traffic services - maintenance	2,425	0	2,425
Winter maintenance	9,000	9,506	(506)
Administration, engineering and recordkeeping	6,600	8,615	(2,015)
Total Expenditures	109,420	73,813	35,607
Excess (Deficiency) of Revenues over Expenditures	(54,290)	(16,015)	38,275
Other Financing Sources (Uses):			
Operating transfers in	54,290	50,000	(4,290)
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	54,290	50,000	(4,290)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	33,985	33,985
Fund Balance - Beginning of Year	0	14,550	14,550
Fund Balance - End of Year	\$0	\$48,535	\$48,535

PARKS AND RECREATION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest and rentals:			
Interest	\$10	\$2	(\$8)
Miscellaneous	0	25	25
Program income	6,000	6,111	111
Total Revenues	6,010	6,138	128
Expenditures:			
Culture and Recreation:			
Audit fees	300	300	0
Park maintenance	0	0	0
Programs	6,000	6,435	(435)
Building maintenance	2,000	3,132	(1,132)
Sanitation	1,000	0	1,000
Total Expenditures	9,300	9,867	(567)
Excess (Deficiency) of Revenues over Expenditures	(3,290)	(3,729)	(439)
Other Financing Sources (Uses):			
Operating transfers in	3,290	4,000	710
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	271	271
Fund Balance - Beginning of Year	0	758	758
Fund Balance - End of Year	\$0	\$1,029	\$1,029

HISTORICAL COMMISSION FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest and rentals:			
Interest	\$20	\$5	(\$15)
Rentals	8,000	6,000	(2,000)
Other income	5,540	5,540	0
Total Revenues	13,560	11,545	(2,015)
Expenditures:			
Culture and Recreation:			
Wages	12,053	9,629	2,424
FICA expense	922	737	185
Professional services	300	300	0
Telephone & utilities	9,500	13,832	(4,332)
Building maintenance	23,000	6,578	16,422
Sanitation	1,500	2,443	(943)
Total Expenditures	47,275	33,519	13,756
Excess (Deficiency) of Revenues over Expenditures	(33,715)	(21,974)	11,741
Other Financing Sources (Uses):			
Operating transfers in	38,857	25,700	(13,157)
Operating transfers out	(5,142)	(5,142)	0
Total Other Financing Sources (Uses)	33,715	20,558	(13,157)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	(1,416)	(1,416)
Fund Balance - Beginning of Year	0	4,400	4,400
Fund Balance - End of Year	\$0	\$2,984	\$2,984

BUILDING DEPARTMENT FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Building fees	\$52,408	\$216,423	\$164,015
Electrical fees	8,000	18,283	10,283
Plumbing fees	7,000	18,505	11,505
Mechanical fees	9,000	24,553	15,553
Planning review fees	1,500	400	(1,100)
Zoning board authority fees	500	150	(350)
Interest	100	933	833
Miscellaneous income	100	1,532	1,432
Total Revenues	78,608	280,779	202,171
Expenditures:			
Village manager	25,577	22,073	3,504
Building inspector	19,624	41,245	(21,621)
Electrical inspector	6,659	9,872	(3,213)
Dangerous building hearing officer	366	0	366
Mechanical inspector	7,100	10,731	(3,631)
Plumbing inspector	7,100	13,238	(6,138)
Zoning board of appeals	1,827	958	869
Planning commission	10,355	23,871	(13,516)
Total Expenditures	78,608	121,988	(43,380)
Excess (Deficiency) of Revenues over Expenditures	0	158,791	158,791
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	158,791	158,791
Fund Balance - Beginning of Year	0	21,584	21,584
Fund Balance - End of Year	\$0	\$180,375	\$180,375

CAPITAL IMPROVEMENTS FUND

Capital Improvements Fund

To account for setting aside non-tax revenues for the express purpose of expenditures for capital improvements and purchase of equipment.

CAPITAL IMPROVEMENTS FUND

COMBINING BALANCE SHEET

February 29, 2004

	<u>Economic Development Corporation</u>	<u>Industrial Park/ Equipment Purchase</u>	<u>Sewer Separation and Street Rehabilitation</u>	<u>Totals</u>
Assets				
Cash and money management accounts	\$107,520	\$485,629	\$15,046	\$608,195
Due from other governments	0	146,724	0	146,724
Total Assets	<u>\$107,520</u>	<u>\$632,353</u>	<u>\$15,046</u>	<u>\$754,919</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable/retainage	\$0	\$146,724	\$1,395	\$148,119
Deferred revenue	0	40,485	0	40,485
Total Liabilities	0	187,209	1,395	188,604
Fund Balance				
Reserved for construction	107,520	217,601	13,651	338,772
Unreserved	0	227,543	0	227,543
Total Fund Balance	<u>107,520</u>	<u>445,144</u>	<u>13,651</u>	<u>566,315</u>
Total Liabilities and Fund Balance	<u>\$107,520</u>	<u>\$632,353</u>	<u>\$15,046</u>	<u>\$754,919</u>

CAPITAL IMPROVEMENTS FUND

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 For the Fiscal Year Ended February 29, 2004

	Economic Development Corporation	Industrial Park/ Equipment Purchase	Sewer Separation and Street Rehabilitation	Totals
Revenues:				
Interest	\$583	\$3,560	\$33	\$4,176
Federal grants	0	4,180,234	0	4,180,234
Other income	0	94	0	94
Total Revenues	583	4,183,888	33	4,184,504
Expenditures:				
Capital outlay	860	4,439,449	0	4,440,309
Excess (Deficiency) of Revenues over Expenditures	(277)	(255,561)	33	(255,805)
Other Financing Sources (Uses):				
Loan proceeds	0	175,000	0	175,000
Operating transfers in	17,778	34,250	0	52,028
Operating transfers out	0	0	(5,000)	(5,000)
Total Other Financing Sources (Uses)	17,778	209,250	(5,000)	222,028
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	17,501	(46,311)	(4,967)	(33,777)
Fund Balances - Beginning of Year	90,019	491,455	18,618	600,092
Fund Balances - End of Year	<u>\$107,520</u>	<u>\$445,144</u>	<u>\$13,651</u>	<u>\$566,315</u>

ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$150	\$583	\$433
Total Revenues	150	583	433
Expenditures:			
Capital outlay	17,920	860	17,060
Total Expenditures	17,920	860	17,060
Excess (Deficiency) of Revenues over Expenditures	(17,770)	(277)	17,493
Other Financing Sources (Uses):			
Operating transfers in	17,770	17,778	8
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	17,770	17,778	8
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	17,501	17,501
Fund Balance - Beginning of Year	0	90,019	90,019
Fund Balance - End of Year	\$0	\$107,520	\$107,520

INDUSTRIAL PARK/EQUIPMENT PURCHASE

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$4,000	\$3,560	(\$440)
Federal grants	5,300,350	4,180,234	(1,120,116)
Grants	50,000	0	(50,000)
Other income	0	94	94
Total Revenues	5,354,350	4,183,888	(1,170,462)
Expenditures:			
Capital Outlay:			
Village hall and community center	21,000	10,679	10,321
Department of public works	34,680	7,179	27,501
Water, sewer and road system expansion	1,825,726	662,515	1,163,211
Audit	2,500	2,600	(100)
LDFA property transfer	3,556,724	3,558,902	(2,178)
Police services	25,000	22,574	2,426
Property Purchase	0	175,000	(175,000)
Total Expenditures	5,465,630	4,439,449	1,026,181
Excess (Deficiency) of Revenues over Expenditures	(111,280)	(255,561)	(144,281)
Other Financing Sources (Uses):			
Loan proceeds	0	175,000	175,000
Operating transfers in	24,250	34,250	10,000
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	24,250	209,250	185,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(87,030)	(46,311)	40,719
Fund Balance - Beginning of Year	87,030	491,455	404,425
Fund Balance - End of Year	\$0	\$445,144	\$445,144

SEWER SEPARATION AND STREET REHABILITATION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$50	\$33	(\$17)
Total Revenues	50	33	(17)
Expenditures:			
Capital outlay	0	0	0
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues over Expenditures	50	33	(17)
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Operating transfers out	(5,000)	(5,000)	0
Total Other Financing Sources (Uses)	(5,000)	(5,000)	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(4,950)	(4,967)	(17)
Fund Balance - Beginning of Year	5,000	18,618	13,618
Fund Balance - End of Year	\$50	\$13,651	\$13,601

GENERAL DEBT SERVICE FUNDS

General Debt Service Funds

To account for payments of interest and principal on long-term general obligation debt other than that payable by an enterprise fund. There are fifteen (15) debt service funds to account for:

1. 1989 Special Assessment Street Improvement Bonds
2. 1993 Special Assessment Street Bonds
3. 1993 General Obligation
4. 1993 Michigan Transportation Fund Bonds
5. 1995 Installment Loan
6. 1996 Michigan Transportation Fund Bonds
7. 1996 Special Assessment Bonds (Outer Drive Drainage)
8. 1998 General Obligation Bonds
9. 1998 Special Assessment Bonds (Stowell/Commerce)
10. 1999 Special Assessment Bonds (Oak/Watersradt)
11. 1999 Installment Loan
12. 2000 Special Assessment Bonds (Industrial Complex)
13. 2000 Installment Loan (Monroe Bank & Trust)
14. 2001 Ford Installment Loan
15. 2001 Special Assessment Bonds (Rawson Street)

VILLAGE OF DUNDEE

GENERAL DEBT SERVICE FUNDS

COMBINING BALANCE SHEET

February 29, 2004

	1989 Special Assessment Bonds	1993 Special Assessment Bonds	1993 G.O. Bonds	1993 MTF Bonds
Assets				
Cash and money management accounts	\$2,553	\$47,488	\$4,809	\$1,092
Due from other funds	0	1,075	0	0
Delinquent taxes receivable	1,018	2,608	0	0
Special assessment receivable	0	108,154	0	0
Total Assets	<u>\$3,571</u>	<u>\$159,325</u>	<u>\$4,809</u>	<u>\$1,092</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$0	\$0	\$0	\$0
Deferred revenue	0	90,217	0	0
Total Liabilities	<u>0</u>	<u>90,217</u>	<u>0</u>	<u>0</u>
Fund Balances:				
Reserve for debt service	<u>3,571</u>	<u>69,108</u>	<u>4,809</u>	<u>1,092</u>
Total Liabilities and Fund Balances	<u>\$3,571</u>	<u>\$159,325</u>	<u>\$4,809</u>	<u>\$1,092</u>

**COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES**

For the Fiscal Year Ended February 29, 2004

Revenues:				
Interest	\$213	\$8,112	\$21	\$8
Special assessment	(897)	20,607	0	0
Total Revenues	<u>(684)</u>	<u>28,719</u>	<u>21</u>	<u>8</u>
Expenditures	<u>0</u>	<u>59,650</u>	<u>41,367</u>	<u>27,910</u>
Excess (Deficiency) of Revenues over Expenditures	(684)	(30,931)	(41,346)	(27,902)
Other Financing Sources (Uses):				
Operating transfers in	0	9,000	41,363	27,920
Operating transfers out	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>9,000</u>	<u>41,363</u>	<u>27,920</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(684)	(21,931)	17	18
Fund Balances -				
Fund Balances - Beginning of Year	<u>4,255</u>	<u>91,039</u>	<u>4,792</u>	<u>1,074</u>
Fund Balances - End of Year	<u>\$3,571</u>	<u>\$69,108</u>	<u>\$4,809</u>	<u>\$1,092</u>

1995 Installment Loan	1996 MTF Bonds	1996 Special Assessment Bonds	1998 G.O. Bonds	1998 Special Assessment Bonds	1999 Special Assessment Bonds
\$0	\$1,218	\$1,829	\$3,661	\$13,643	\$17,822
0	0	0	0	0	0
0	0	2,063	0	10,901	13,672
0	0	14,000	0	283,956	189,812
<u>\$0</u>	<u>\$1,218</u>	<u>\$17,892</u>	<u>\$3,661</u>	<u>\$308,500</u>	<u>\$221,306</u>
\$0	\$0	\$0	\$0	\$0	\$5,000
0	0	7,000	0	252,405	151,849
0	0	7,000	0	252,405	156,849
0	1,218	10,892	3,661	56,095	64,457
<u>\$0</u>	<u>\$1,218</u>	<u>\$17,892</u>	<u>\$3,661</u>	<u>\$308,500</u>	<u>\$221,306</u>
\$0	\$3	\$1,411	\$14	\$19,405	\$12,546
0	0	7,000	0	31,551	37,962
0	3	8,411	14	50,956	50,508
5,142	23,005	8,230	9,208	51,335	50,350
(5,142)	(23,002)	181	(9,194)	(379)	158
5,142	23,020	0	9,438	0	0
0	0	0	0	0	0
5,142	23,020	0	9,438	0	0
0	18	181	244	(379)	158
0	1,200	10,711	3,417	56,474	64,299
<u>\$0</u>	<u>\$1,218</u>	<u>\$10,892</u>	<u>\$3,661</u>	<u>\$56,095</u>	<u>\$64,457</u>

1999 Installment Loan	2000 Special Assessment Bonds	2000 Installment Loan	2001 Installment Loan	2001 Special Assessment Bonds	Totals
\$0	\$50,883	\$0	\$0	\$55,947	\$200,945
0	0	0	0	0	1,075
0	0	0	0	6,134	36,396
0	210,000	0	0	141,789	947,711
<u>\$0</u>	<u>\$260,883</u>	<u>\$0</u>	<u>\$0</u>	<u>\$203,870</u>	<u>\$1,186,127</u>
\$0	\$0	\$0	\$0	\$0	\$5,000
0	180,000	0	0	130,882	812,353
0	180,000	0	0	130,882	817,353
0	80,883	0	0	72,988	368,774
<u>\$0</u>	<u>\$260,883</u>	<u>\$0</u>	<u>\$0</u>	<u>\$203,870</u>	<u>\$1,186,127</u>
\$0	\$14,978	\$0	\$0	\$8,567	\$65,278
0	30,000	0	0	10,907	137,130
0	44,978	0	0	19,474	202,408
11,397	43,190	6,674	10,004	19,818	367,280
(11,397)	1,788	(6,674)	(10,004)	(344)	(164,872)
11,397	0	6,674	10,004	0	143,958
0	0	0	0	(10,000)	(10,000)
11,397	0	6,674	10,004	(10,000)	133,958
0	1,788	0	0	(10,344)	(30,914)
0	79,095	0	0	83,332	399,688
<u>\$0</u>	<u>\$80,883</u>	<u>\$0</u>	<u>\$0</u>	<u>\$72,988</u>	<u>\$368,774</u>

1989 SPECIAL ASSESSMENT STREET IMPROVEMENT BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$1,410	(\$897)	(\$2,307)
Interest	303	213	(90)
Total Revenues	1,713	(684)	(2,397)
Expenditures:			
Principal	10,000	0	10,000
Interest	720	0	720
Agent fees	500	0	500
Total Expenditures	11,220	0	11,220
Excess (Deficiency) of Revenues over Expenditures	(9,507)	(684)	8,823
Other Financing Sources (Uses):			
Operating transfers in	8,170	0	(8,170)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,337)	(684)	653
Fund Balance - Beginning of Year	1,337	4,255	2,918
Fund Balance - End of Year	\$0	\$3,571	\$3,571

1993 SPECIAL ASSESSMENT BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$20,300	\$20,607	\$307
Interest	8,390	8,112	(278)
Total Revenues	28,690	28,719	29
Expenditures:			
Principal	50,000	50,000	0
Interest	9,250	9,250	0
Agent fees	420	400	20
Total Expenditures	59,670	59,650	20
Excess (Deficiency) of Revenues over Expenditures	(30,980)	(30,931)	49
Other Financing Sources (Uses):			
Operating transfers in	0	9,000	9,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(30,980)	(21,931)	9,049
Fund Balance - Beginning of Year	30,980	91,039	60,059
Fund Balance - End of Year	\$0	\$69,108	\$69,108

1993 GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$30	\$21	(\$9)
Total Revenues	30	21	(9)
Expenditures:			
Principal	30,000	30,000	0
Interest	10,968	10,967	1
Agent fees	400	400	0
Total Expenditures	41,368	41,367	1
Excess (Deficiency) of Revenues over Expenditures	(41,338)	(41,346)	(8)
Other Financing Sources (Uses):			
Operating transfers in	41,338	41,363	25
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	17	17
Fund Balance - Beginning of Year	0	4,792	4,792
Fund Balance - End of Year	\$0	\$4,809	\$4,809

1993 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$10	\$8	(\$2)
Total Revenues	10	8	(2)
Expenditures:			
Principal	20,000	20,000	0
Interest	7,510	7,510	0
Agent fees	400	400	0
Total Expenditures	27,910	27,910	0
Excess (Deficiency) of Revenues over Expenditures	(27,900)	(27,902)	(2)
Other Financing Sources (Uses):			
Operating transfers in	27,900	27,920	20
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	18	18
Fund Balance - Beginning of Year	0	1,074	1,074
Fund Balance - End of Year	\$0	\$1,092	\$1,092

1995 INSTALLMENT LOAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Principal	4,498	4,498	0
Interest	644	644	0
Agent fees	0	0	0
Total Expenditures	5,142	5,142	0
Excess (Deficiency) of Revenues over Expenditures	(5,142)	(5,142)	0
Other Financing Sources (Uses):			
Operating transfers in	5,142	5,142	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	0	0
Fund Balance - Beginning of Year	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

1996 MICHIGAN TRANSPORTATION FUND (MTF) BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$5	\$3	(\$2)
Total Revenues	5	3	(2)
Expenditures:			
Principal	20,000	20,000	0
Interest	2,705	2,705	0
Agent fees	300	300	0
Total Expenditures	23,005	23,005	0
Excess (Deficiency) of Revenues over Expenditures	(23,000)	(23,002)	(2)
Other Financing Sources (Uses):			
Operating transfers in	23,000	23,020	20
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	18	18
Fund Balance - Beginning of Year	0	1,200	1,200
Fund Balance - End of Year	\$0	\$1,218	\$1,218

1996 SPECIAL ASSESSMENT BONDS (OUTER DRIVE DRAINAGE)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$7,000	\$7,000	\$0
Interest	1,396	1,411	15
Total Revenues	8,396	8,411	15
Expenditures:			
Principal	7,000	7,000	0
Interest	980	980	0
Agent fees	250	250	0
Total Expenditures	8,230	8,230	0
Excess (Deficiency) of Revenues over Expenditures	166	181	15
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	166	181	15
Fund Balance - Beginning of Year	0	10,711	10,711
Fund Balance - End of Year	\$166	\$10,892	\$10,726

1998 GENERAL OBLIGATION BONDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$20	\$14	(\$6)
Total Revenues	20	14	(6)
Expenditures:			
Principal	5,000	5,000	0
Interest	4,208	4,208	0
Agent fees	250	0	250
Total Expenditures	9,458	9,208	250
Excess (Deficiency) of Revenues over Expenditures	(9,438)	(9,194)	244
Other Financing Sources (Uses):			
Operating transfers in	9,438	9,438	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	244	244
Fund Balance - Beginning of Year	0	3,417	3,417
Fund Balance - End of Year	\$0	\$3,661	\$3,661

1998 SPECIAL ASSESSMENT BONDS (STOWELL/COMMERCE)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$31,551	\$31,551	\$0
Interest	18,945	19,405	460
Total Revenues	50,496	50,956	460
Expenditures:			
Principal	35,000	35,000	0
Interest	16,335	16,335	0
Agent fees	410	0	410
Total Expenditures	51,745	51,335	410
Excess (Deficiency) of Revenues over Expenditures	(1,249)	(379)	870
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(1,249)	(379)	870
Fund Balance - Beginning of Year	1,249	56,474	55,225
Fund Balance - End of Year	\$0	\$56,095	\$56,095

1999 SPECIAL ASSESSMENT BONDS (OAK/WATERSRADT)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$37,962	\$37,962	\$0
Interest	12,543	12,546	3
Total Revenues	50,505	50,508	3
Expenditures:			
Principal	40,000	40,000	0
Interest	10,060	10,060	0
Agent fees	285	290	(5)
Total Expenditures	50,345	50,350	(5)
Excess (Deficiency) of Revenues over Expenditures	160	158	(2)
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	160	158	(2)
Fund Balance - Beginning of Year	0	64,299	64,299
Fund Balance - End of Year	\$160	\$64,457	\$64,297

1999 INSTALLMENT LOAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Principal	10,000	10,000	0
Interest	1,397	1,397	0
Agent fees	0	0	0
Total Expenditures	11,397	11,397	0
Excess (Deficiency) of Revenues over Expenditures	(11,397)	(11,397)	0
Other Financing Sources (Uses):			
Operating transfers in	11,397	11,397	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	0	0
Fund Balance - Beginning of Year	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

2000 SPECIAL ASSESSMENT BONDS (INDUSTRIAL COMPLEX)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$30,000	\$30,000	\$0
Interest	14,984	14,978	(6)
Total Revenues	44,984	44,978	(6)
Expenditures:			
Principal	30,000	30,000	0
Interest	12,915	12,915	0
Agent fees	315	275	40
Total Expenditures	43,230	43,190	40
Excess (Deficiency) of Revenues over Expenditures	1,754	1,788	34
Other Financing Sources (Uses):			
Operating transfers in	0	0	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	1,754	1,788	34
Fund Balance - Beginning of Year	0	79,095	79,095
Fund Balance - End of Year	\$1,754	\$80,883	\$79,129

2000 INSTALLMENT LOAN (MB&T)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Principal	5,000	5,000	0
Interest	1,674	1,674	0
Agent fees	0	0	0
Total Expenditures	6,674	6,674	0
Excess (Deficiency) of Revenues over Expenditures	(6,674)	(6,674)	0
Other Financing Sources (Uses):			
Operating transfers in	6,674	6,674	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	0	0
Fund Balance - Beginning of Year	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

2001 FORD INSTALLMENT LOAN

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Interest	\$0	\$0	\$0
Total Revenues	0	0	0
Expenditures:			
Principal	10,004	10,004	0
Interest	0	0	0
Agent fees	0	0	0
Total Expenditures	10,004	10,004	0
Excess (Deficiency) of Revenues over Expenditures	(10,004)	(10,004)	0
Other Financing Sources (Uses):			
Operating transfers in	10,004	10,004	0
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	0	0	0
Fund Balance - Beginning of Year	0	0	0
Fund Balance - End of Year	\$0	\$0	\$0

2001 SPECIAL ASSESSMENT BONDS (RAWSON STREET)

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

For the Fiscal Year Ended February 29, 2004

	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Special assessment	\$10,907	\$10,907	\$0
Interest	8,622	8,567	(55)
Total Revenues	19,529	19,474	(55)
Expenditures:			
Principal	10,000	10,000	0
Interest	9,568	9,568	0
Agent fees	275	250	25
Total Expenditures	19,843	19,818	25
Excess (Deficiency) of Revenues over Expenditures	(314)	(344)	(30)
Other Financing Sources (Uses):			
Operating transfers out	(12,000)	(10,000)	2,000
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses	(12,314)	(10,344)	1,970
Fund Balance - Beginning of Year	12,314	83,332	71,018
Fund Balance - End of Year	<u>\$0</u>	<u>\$72,988</u>	<u>\$72,988</u>

INTERNAL SERVICE FUNDS

Unemployment Compensation

Effective January 1, 1975 political subdivisions became subject to the Michigan Employment Security Act. The Village of Dundee, instead of paying regular contributions to the State Unemployment Fund, elected to make reimbursement payments. The Village is self-insuring its contingent liability for reimbursement payments, by making appropriations to the Unemployment Compensation Fund.

INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION

COMBINING BALANCE SHEET

February 29, 2004

	General	Water and Sewage	Totals
Assets			
Cash and money management accounts	<u>\$29,897</u>	<u>\$22,227</u>	<u>\$52,124</u>
Fund Equity			
Retained earnings - unreserved	<u>\$29,897</u>	<u>\$22,227</u>	<u>\$52,124</u>

COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS

For the Fiscal Year Ended February 29, 2004

Operating income	\$0	\$0	\$0
Operating expenses	<u>0</u>	<u>0</u>	<u>0</u>
Operating Income	0	0	0
Non-Operating Revenues (Expenses)			
Interest income	<u>228</u>	<u>170</u>	<u>398</u>
Total Non-operating Revenues (Expenses)	<u>228</u>	<u>170</u>	<u>398</u>
Net Income (Loss)	228	170	398
Retained Earnings - Beginning of Year	<u>29,669</u>	<u>22,057</u>	<u>51,726</u>
Retained Earnings - End of Year	<u>\$29,897</u>	<u>\$22,227</u>	<u>\$52,124</u>

INTERNAL SERVICE FUNDS UNEMPLOYMENT COMPENSATION

COMBINING STATEMENT OF CASH FLOWS

February 29, 2004

	<u>General</u>	<u>Water and Sewage</u>	<u>Totals</u>
Cash Flows from Operating Activities:			
Operating income	\$0	\$0	\$0
Cash Flows from Non-Capital Financing Activities:			
Transfer to General Fund	0	0	0
Cash Flows from Investing Activities:			
Interest income	<u>228</u>	<u>170</u>	<u>398</u>
Net Increase in Cash and Cash Equivalents	228	170	398
Cash and Cash Equivalents - Beginning of Year	<u>29,669</u>	<u>22,057</u>	<u>51,726</u>
Cash and Cash Equivalents - End of Year	<u><u>\$29,897</u></u>	<u><u>\$22,227</u></u>	<u><u>\$52,124</u></u>

ENTERPRISE FUND

Water and Sewage Disposal Fund

To account for the revenues and expenses of operating the Village's water and sewage disposal utilities.

VILLAGE OF DUNDEE

ENTERPRISE FUND
WATER AND SEWAGE DISPOSALCOMPARATIVE BALANCE SHEET

For the Fiscal Years Ended February 29, 2004 and February 28, 2003

	<u>2004</u>	<u>2003</u>
Assets		
Current Assets:		
Cash and money management accounts	\$650,160	\$593,038
Receivables - accounts	286,319	258,217
- taxes	20,856	10,497
Due from other funds	2,849	2,728
Prepaid expenses	9,270	5,531
Total Current Assets	969,454	870,011
Restricted assets:		
Cash and money management accounts	719,387	627,689
Cash with fiscal agent	92,093	153,778
Bond issuance costs(net of amortization)	56,573	0
Total Restricted Assets	868,053	781,467
Fixed Assets:		
Land and buildings	9,100,604	7,744,746
Machinery and equipment	10,882,716	10,861,795
Construction in progress	603,762	437,251
	20,587,082	19,043,792
Less: accumulated depreciation	(4,877,438)	(4,338,956)
Net Fixed Assets	15,709,644	14,704,836
Total Assets	<u>\$17,547,151</u>	<u>\$16,356,314</u>

	2004	2003
Liabilities		
Current Liabilities (payable from current assets):		
Accounts payable	\$400,700	\$353,210
Accrued payroll	6,513	6,409
Due to other funds	230,519	91,384
Other liabilities	24,654	14,264
Accrued compensated absences	25,021	21,009
Current portion state revolving fund-sewer	80,000	80,000
Total Current Liabilities (payable from current assets)	767,407	566,276
Current Liabilities (payable from restricted assets):		
Current portion of contract payable - sewer	185,000	190,000
Current portion of bonds payable - water / sewer	15,000	15,000
Current portion of bonds payable - water / sewer	10,000	10,000
Current portion of contract payable - water	115,000	85,000
Current portion of bonds payable - water/sewer	10,000	10,000
Current portion of contract payable - water	55,000	50,000
Total Current Liabilities (payable from restricted assets)	390,000	360,000
Long-Term Liabilities (payable from current assets):		
State revolving fund loan - sewer	910,000	990,000
Total Long-term Liabilities (payable from current assets)	910,000	990,000
Long-Term Liabilities (payable from restricted assets):		
Contract payable - sewer (net of \$2,318 discount)	937,683	1,122,296
Bonds payable - water/sewer	145,000	160,000
Contract payable - water (with \$2,048 premium)	947,048	995,131
Bonds payable - water/sewer (net of \$604 discount)	64,397	74,281
Bonds payable - sewer	295,000	305,000
Contract payable - water(net of \$30,917 discount)	3,319,083	3,372,683
Total Long-term Liabilities (payable from restricted assets)	5,708,211	6,029,391
Fund Equity		
Contributed capital	7,309,266	6,144,105
Retained earnings: Restricted for replacement fund	1,000	1,000
Restricted for debt retirement and construction	477,053	420,467
Unrestricted	1,984,214	1,845,075
Total Retained Earnings	2,462,267	2,266,542
Total Fund Equity	9,771,533	8,410,647
Total Liabilities and Fund Equity	\$17,547,151	\$16,356,314

VILLAGE OF DUNDEE

ENTERPRISE FUND
WATER AND SEWAGE DISPOSALCOMPARATIVE COMBINING STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN RETAINED EARNINGS

For the Fiscal Years Ended February 29, 2004 and February 28, 2003

	2004		
	Water Department	Sewer Department	Totals
Operating Revenues:			
Charges for services	\$699,509	\$603,914	\$1,303,423
Hydrant rental	3,620	0	3,620
Penalties	5,862	8,422	14,284
Other revenue	0	154	154
Total Operating Revenues	708,991	612,490	1,321,481
Operating Expenses:			
Operating and maintenance wages	119,407	151,257	270,664
Clerical salaries	27,105	27,105	54,210
Employee benefits	38,851	60,149	99,000
Training	1,083	458	1,541
Utilities and telephone	21,987	65,178	87,165
Water supply and system maintenance	389,332	75,451	464,783
Chemicals	(160)	15,778	15,618
Laboratory supplies	3,513	12,136	15,649
Insurance	15,109	15,109	30,218
Office supplies	2,265	2,872	5,137
Professional services	2,500	2,500	5,000
Depreciation and amortization	291,936	256,106	548,042
Miscellaneous expense	9,664	1,955	11,619
Engineering fees	4,829	24,312	29,141
Vacation and sick pay	2,603	1,409	4,012
Sanitation	449	76,735	77,184
Total Operating Expenses	930,473	788,510	1,718,983
Operating Income (loss)	(221,482)	(176,020)	(397,502)
Non-Operating Revenues (Expenses):			
Tap fees	183,865	110,550	294,415
Current taxes	0	206,293	206,293
Interest income	0	5,458	5,458
Interest and fiscal charges	(228,436)	(118,071)	(346,507)
Transfer to other funds	0	(230)	(230)
Transfer from other funds	0	433,798	433,798
Total Non-Operating Revenues (Expenses)	(44,571)	637,798	593,227
Net Income (loss)	(\$266,053)	\$461,778	195,725
Retained Earnings - Beginning of Year			2,266,542
Retained Earnings - End of Year			\$2,462,267

2003		
Water Department	Sewer Department	Totals
\$682,725	\$640,129	\$1,322,854
2,618	0	2,618
5,873	11,382	17,255
0	0	0
691,216	651,511	1,342,727
163,686	136,141	299,827
25,750	26,100	51,850
36,973	49,794	86,767
1,600	847	2,447
33,001	62,082	95,083
125,471	43,880	169,351
12,468	6,072	18,540
5,645	11,676	17,321
9,165	9,165	18,330
1,638	2,102	3,740
7,298	2,500	9,798
156,986	236,463	393,449
6,769	2,645	9,414
616	5,535	6,151
(3,801)	942	(2,859)
404	48,933	49,337
583,669	644,877	1,228,546
107,547	6,634	114,181
128,509	17,239	145,748
0	189,406	189,406
0	14,097	14,097
(242,763)	(130,680)	(373,443)
(12,500)	0	(12,500)
0	393,793	393,793
(126,754)	483,855	357,101
(\$19,207)	\$490,489	471,282
		1,795,260
		<u>\$2,266,542</u>

ENTERPRISE FUND
WATER AND SEWAGE DISPOSAL

COMPARATIVE STATEMENT OF CASH FLOWS
For the Fiscal Years Ended February 29, 2004 and February 28, 2003

	2004	2003
Cash Flows from Operating Activities:		
Operating income	(\$397,502)	\$114,181
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation and amortization	548,042	393,449
(Increase) decrease in Assets		
Receivables	(38,461)	(21,074)
Due from other funds	(121)	(977)
Prepaid expenses	(3,739)	(2,943)
Increase (Decrease) in Liabilities		
Accounts payable	47,490	330,401
Accrued payroll	104	(4,572)
Due to other funds	139,135	23,038
Other liabilities	14,402	(45,719)
Total Adjustments	706,852	671,603
Net Cash Provided by Operating Activities	309,350	785,784
Cash Flows from Capital and Related Financing Activities:		
Tap fees	294,415	145,748
Current taxes levied for debt	206,293	189,406
Acquisition and construction of capital assets - net of disposals	(1,543,290)	(2,513,910)
Proceeds from the sale of bonds	1,087,341	0
Principal paid on refunding bonds	(190,000)	(165,000)
Principal paid on contract payable	(1,190,000)	(155,000)
Bond issuance costs	(64,655)	0
Principal paid on state revolving fund - sewer	(80,000)	(80,000)
Interest paid on revenue bonds and contract payable	(346,507)	(373,443)
Transfer to other funds	(230)	(12,500)
Transfer from other funds	433,798	393,793
Contributions	1,165,161	1,405,280
Net Cash Provided (Used) for Capital and Related Financing Activities	(227,674)	(1,165,626)
Cash Flows from Investing Activities:		
Interest income	5,459	14,097
Net Decrease in Cash and Cash Equivalents	87,135	(365,745)
Cash and Cash Equivalents - Beginning of Year	1,374,505	1,740,250
Cash and Cash Equivalents - End of Year	<u>\$1,461,640</u>	<u>\$1,374,505</u>

AGENCY FUNDS

Accounts Payable Fund

An agency fund to account for the Village's general cash disbursements for all other funds to which all other funds would be subordinate and responsible for their individual expenditures as authorized and approved by the Village Council.

Payroll Fund

An agency fund to account for the Village's payroll.

Tax Collection Fund

An agency fund to account for the Village's tax collections and special assessment collections.

AGENCY FUNDS

COMBINING BALANCE SHEET

February 29, 2004

	<u>Accounts Payable</u>	<u>Payroll</u>	<u>Tax Collection</u>	<u>Totals</u>
Assets				
Cash and money management accounts	\$1,311	\$3,038	\$10,776	\$15,125
Due from other funds	0	0	0	0
Total Assets	<u>\$1,311</u>	<u>\$3,038</u>	<u>\$10,776</u>	<u>\$15,125</u>
Liabilities				
Due to other funds	\$0	\$78	\$10,307	\$10,385
Other liabilities	1,311	2,960	469	4,740
Total Liabilities	<u>\$1,311</u>	<u>\$3,038</u>	<u>\$10,776</u>	<u>\$15,125</u>

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS
For the Fiscal Year Ended February 29, 2004

ACCOUNTS PAYABLE FUND

	<u>Balance</u> <u>February 28, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>February 28, 2004</u>
Assets				
Cash and money management accounts	\$1,311	\$3,299,337	\$3,299,337	\$1,311
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$1,311</u>	<u>\$3,299,337</u>	<u>\$3,299,337</u>	<u>\$1,311</u>
Liabilities				
Due to other funds	\$0	\$0	\$0	\$0
Other liabilities	<u>1,311</u>	<u>3,299,337</u>	<u>3,299,337</u>	<u>1,311</u>
Total Liabilities	<u>\$1,311</u>	<u>\$3,299,337</u>	<u>\$3,299,337</u>	<u>\$1,311</u>

PAYROLL FUND

Assets				
Cash and money management accounts	\$3,008	\$455,604	\$455,574	\$3,038
Due from other funds	<u>0</u>	<u>747,935</u>	<u>747,935</u>	<u>0</u>
Total Assets	<u>\$3,008</u>	<u>\$1,203,539</u>	<u>\$1,203,509</u>	<u>\$3,038</u>
Liabilities				
Due to other funds	\$144	\$2,696	\$2,762	\$78
Other liabilities	<u>2,864</u>	<u>455,700</u>	<u>455,604</u>	<u>2,960</u>
Total Liabilities	<u>\$3,008</u>	<u>\$458,396</u>	<u>\$458,366</u>	<u>\$3,038</u>

TAX COLLECTION FUND

Assets				
Cash and money management accounts	\$9,392	\$1,851,736	\$1,850,352	\$10,776
Due from other funds	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$9,392</u>	<u>\$1,851,736</u>	<u>\$1,850,352</u>	<u>\$10,776</u>
Liabilities				
Due to other funds	\$9,392	\$1,851,267	\$1,850,352	\$10,307
Other liabilities	<u>0</u>	<u>469</u>	<u>0</u>	<u>469</u>
Total Liabilities	<u>\$9,392</u>	<u>\$1,851,736</u>	<u>\$1,850,352</u>	<u>\$10,776</u>

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES - ALL AGENCY FUNDS

For the Fiscal Year Ended February 29, 2004
(Concluded)

TOTALS - ALL AGENCY FUNDS

	Balance February 28, 2003	Additions	Deductions	Balance February 28, 2004
Assets				
Cash and money management accounts	\$13,711	\$5,606,677	\$5,605,263	\$15,125
Due from other funds	0	747,935	747,935	0
Total Assets	<u>\$13,711</u>	<u>\$6,354,612</u>	<u>\$6,353,198</u>	<u>\$15,125</u>
Liabilities				
Due to other funds	\$9,536	\$1,853,963	\$1,853,114	\$10,385
Other liabilities	4,175	3,755,506	3,754,941	4,740
Total Liabilities	<u>\$13,711</u>	<u>\$5,609,469</u>	<u>\$5,608,055</u>	<u>\$15,125</u>

VILLAGE OF DUNDEE

SCHEDULE OF EXPENDITURES AND FEDERAL AWARDS

For the Fiscal Year Ended February 29, 2004

Federal Grantor Pass Through Grantor Program Title Grant Number		Federal CFDA Number	Approved Grant Award Amount	Accrued (Deferred) Revenue March 1, 2003
<u>Federal Community Development Block Grant</u>				
Passed through the Michigan Strategic Fund				
Global Engine Alliance Infrastructure Project	MSC 200060-EDIG	14.228	\$5,300,350	\$0
Total Federal Financial Assistance			<u>\$5,300,350</u> *	<u>\$0</u>

* This grant is funded with federal and state funds. Both portions are reflected in this schedule.

<u>Prior Year Expenditures (Memo)</u>	<u>Current Year Expenditures</u>	<u>Current Year Receipts (Accrual Basis)</u>	<u>Accrued (Deferred) Revenue February 29, 2004</u>
\$0	\$4,180,234	\$4,033,510	\$146,724
<u>\$0</u>	<u>\$4,180,234</u>	<u>\$4,033,510</u>	<u>\$146,724</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended February 29, 2004

1. The accompanying schedule of federal awards includes the federal grant activity of the Village of Dundee, Monroe County, Michigan and is presented in the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of State, Local Governments, and Nonprofit Organizations.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

February 29, 2004

Summary of Audit Results:

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Village of Dundee.
2. No reportable conditions relating to the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of the Village of Dundee were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs are reported in the Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for Community Development Block Grant expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for the Village of Dundee.
7. The programs tested as major programs include: Community Development Block Grant, CFDA #14-228.
8. Type A programs are programs with \$300,000 or more of federal expenditures. Type B programs are programs with federal expenditures between \$100,000 and \$300,000.
9. The Village of Dundee was determined to be a low-risk auditee.

Findings - Financial Statements Audit:

None

Findings and Questioned Costs - Major Federal Award Programs Audit:

None



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Village Council
Village of Dundee
Monroe County, Michigan



Report of Comments and Recommendations

Council Members:

As a result of our audit of the general purpose financial statements of the Village of Dundee for the year ended February 29, 2004, we are making the following comments, and where appropriate, recommendations. We remind you that our comments and recommendations are somewhat limited because they are not the result of a detailed systems analysis.

Improper and Illegal Actions

Nothing came to our attention during the course of the audit to indicate any improper or illegal actions.

Interfund Receivable and Payable Balances

Balances as of February 29, 2004 were:

	Interfund Receivables	Interfund Payables
General Fund:		
Major Street Fund	\$ 15,676	
Local Street Fund	9,115	
Payroll Fund	78	
Tax	2,207	
Water & Sewer	96,814	
EDC Debt		\$ 34

Village Council
Village of Dundee

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Interfund Receivable and Payable Balances (Continued)
Balances as of February 29, 2004 were:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Special Revenue Funds:		
Municipal Highway Fund:		
Tax	\$ 4,176	
EDC		\$ 13
Major Street Fund:		
Water/Sewer	18,004	
General Fund		15,676
Local Street Fund:		
General Fund		9,115
Component Units:		
LDFA #3 Debt:		
Water/Sewer	115,701	
EDC Debt:		
General Fund	34	
Municipal Highway Fund	13	
Agency Funds:		
Taxes:		
General Fund		2,207
1993 S.A.		1,075
Municipal Highway Fund		4,176
Water/Sewer		2,849
Payroll Fund:		
General Fund		78
Debt Fund:		
1993 S.A. Debt:		
Tax Fund	1,075	
Water/Sewer:		
Major Street Fund		18,004
General Fund		96,814
Tax	2,849	
LDFA #3 Debt		<u>115,701</u>
	<u>\$265,742</u>	<u>\$265,742</u>

Excess of Expenditures over Appropriations

During the year ended February 29, 2004, the Village incurred the following instances of expenditures in excess of the amounts appropriated.

<u>Fund</u>	<u>Appropriation</u>	<u>Expenditures</u>	<u>Excess Expenditures</u>
Parks and Recreation Fund	\$ 9,300	\$ 9,867	\$ 567
Building Department	78,608	121,988	43,380
1999 Special Assessment Debt Fund	50,345	50,350	5

We continue to recommend that actual vs. budget be monitored each month in order to avoid expenditures in excess of appropriations. The budgets should be amended by the Council, when necessary.

Cash Flow Analysis

In recent years, because of the proliferation of construction projects and other improvements which have been financed by a mixture of bond issues, grants and installment purchase agreements, Village finances have become extremely complex. As of February 29, 2004, the Village had twenty bond issues, one bank note and five installment purchase agreements and the loan from Cabelas.

Repayment of the Village's outstanding indebtedness which was \$24,818,178 as of February 29, 2004, is scheduled from various sources, such as special assessments, water and sewer department resources, LDFA captured taxes, debt millage and general Village revenues. These sources must adhere to various legal restrictions.

We recommend that the Village prepare a projected cash flow analysis for its fiscal year ended February 28, 2005 and that it continue to monitor cash flows on a monthly basis.

New Reporting Model

Effective June 1999, new financial reporting requirements were established by GASB Statement No. 34. The Village is required to implement changes for the fiscal year beginning March 1, 2004. For a smooth transition we need to work with the Village on a plan to implement these new reporting changes. New software, which includes programs for depreciation is available to assist with this implementation. We recommend that the Village test some of the trial versions offered to reassess its software needs for maintaining effective internal control over reporting for its fixed assets.

Village Council
Village of Dundee

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It has been a pleasure to serve you and we appreciate the cooperation we received during the audit. We are available to meet with you at any time to answer any questions concerning this letter or the 2003-2004 audit report.

Very truly yours,

Cooley Hehl
Wohlgenuth & Carlton

May 5, 2004